DERRY TOWNSHIP
SCHOOL DISTRICT

FINANCIAL REPORT

JUNE 30, 2023

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1 - 3
Management's Discussion and Analysis	4 - 12
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	13 - 14
Statement of Activities	15
Fund Financial Statements:	
Balance Sheet - Governmental Funds	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	20
Statement of Net Position - Proprietary Funds	21
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	22
Statement of Cash Flows - Proprietary Funds	23
Statement of Fiduciary Net Position	24
Statement of Changes in Fiduciary Net Position	25
Notes to Financial Statements	26 - 70

CONTENTS (Continued)

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information - Schedules of District's Proportionate Share of the Net Pension Liability - PSERS 71

Required Supplementary Information - Schedules of District's Pension Contributions - PSERS 72

Required Supplementary Information - Schedules of Changes in OPEB Liability and Related Ratios - District's Single Employer Plan 73

Required Supplementary Information - Schedules of District's Proportionate Share of the Net OPEB Liability - PSERS Cost Sharing Plan 74

Required Supplementary Information - Schedules of District's OPEB Contributions - PSERS Cost Sharing Plan 75

SUPPLEMENTARY INFORMATION

Combining Balance Sheet - Capital Projects Funds 76

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Capital Projects Funds 77

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* 78 - 79

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance as Required by the Uniform Guidance 80 - 82

Schedule of Findings and Questioned Costs 83 - 85

Schedule of Expenditures of Federal Awards 86 - 87

Notes to Schedule of Expenditures of Federal Awards 88

Summary Schedule of Prior Year's Audit Findings 89

Corrective Action Plan 90

INDEPENDENT AUDITOR'S REPORT

Board of School Directors
Derry Township School District
Hershey, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information as listed in the Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards*, Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 District's basic financial statements. The supplementary information as listed in the Contents and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the Contents and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards,* in considering District's internal control over financial reporting and compliance.



Camp Hill, Pennsylvania
June 10, 2024

The *Management Discussion and Analysis* (MD&A) provides an overall review and insight into the District's financial activities for the fiscal years ended June 30, 2023 and 2022. This MD&A summarizes the district's financial performance as a whole. Therefore, the reader should also review the entire financial statements, including the Notes to Financial Statements, as well as the independent auditor's transmittal letter, to enhance their understanding of the district's financial performance.

Background

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) Statement No. 34. Certain condensed comparative analyses of financial statements have been presented in these statements.

Pre-GASB No. 34 standards required use of the modified accrual system of accounting for revenues (no receivables/accruals beyond 60 days). In addition, pre-GASB No. 34 standards also did not record depreciation expense on capital assets and did not require reporting of net assets of various funds. GASB No. 34 now requires full accrual of revenue and calculating depreciation on capital assets.

Financial Highlights

In accordance with GASB Statement No. 54, the District has recorded as a Permanent Fund the fair market value of assets held in trust by Fulton Financial Advisors under a bequest made by Milton S. Hershey. As of 2023 and 2022, the value of this fund was $48,134,693 and $45,488,795, respectively. The fund balance is classified as "Nonspendable" due to the restrictive nature of the trust since the District has use of income only.

Also, in accordance with GASB 54, the Board of School Directors adopted Policy 620, Fund Balance. This policy classifies the General Fund Balance based on the relative strength of constraints that control the purposes for which specific amounts can be spent. Effective June 30, 2012, fund balances are now reported in the following classifications:

Nonspendable	Amounts that cannot be spent because they are in a nonspendable form (such as inventory and notes receivable).
Restricted	Amounts limited by external parties (grants or donations).
Committed	Amounts limited by Board policy (future anticipated costs).
Assigned	Amounts intended for a particular purpose.
Unassigned	Amounts available for consumption or not restricted in any manner.

Board Policy 625 and 625.1 limit amounts that may be accumulated in the General Fund. Policy 625, Fund Balance, provides that the District shall maintain an unassigned General Fund Balance of not less than 3% of expenditures, and not more than the amount allowed by the Commonwealth of Pennsylvania, currently 8% of budgeted expenditures. The Board of School Directors will approve committed fund balances designated for future anticipated costs.

The accompanying Fund Balance Review, on page 5, summarizes General Fund activity for the current and prior year. Total Fund Balance increased by $4,175,562 and $2,921,308 for the years ended June 30, 2023 and 2022, respectively.

The District has committed a portion of the General Fund Balance for future state retirement costs, for the District's self-insured medical plan and for future capital plans. The committed portion of the General Fund Balance for future retirement costs and for the District's self-insured medical plan is $500,000 and $2,000,000, for year ended June 30, 2023, respectively and $2,100,000 and $500,000 for year ended June 30, 2022, respectively. The committed portion of the General Fund Balance for future capital plans for the years ended June 30, 2023 and 2022 is $7,000,000 and $3,000,000.

DERRY TOWNSHIP SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEARS ENDED JUNE 30, 2023 AND 2022
FUND BALANCE REVIEW

	Nonspendable Inventory and Prepaids	Nonspendable Note Receivable	Committed Retirement Stabilization	Committed Health Benefits	Committed Capital Planning	Unassigned General	Total General Fund	Capital Projects Fund	Student Sponsored Activity Fund	Nonspendable Permanent Fund
Fund Balance - 6/30/2021	$ 148,030	$ 23,426	$ 500,000	$ 2,384,692	$ -	$ 4,888,935	$ 7,945,083	$ 6,022,673	$ 193,459	$ 54,012,098
2021-2022 Activity Increase (Decrease)	108,719	(23,426)	-	(284,692)	3,000,000	120,707	2,921,308	671,477	(996)	(8,523,303)
Fund Balance - 6/30/22	256,749	-	500,000	2,100,000	3,000,000	5,009,642	10,866,391	6,694,150	192,463	45,488,795
2022-2023 Activity Increase (Decrease)	17,338	-	-	(100,000)	4,000,000	258,224	4,175,562	316,176	(15,399)	2,645,898
Fund Balance - 6/30/23	$ 274,087	$ -	$ 500,000	$ 2,000,000	$ 7,000,000	$ 5,267,866	$ 15,041,953	$ 7,010,326	$ 177,064	$ 48,134,693

2022-2023 revenues from all sources, local, state, federal and other exceeded budgeted revenues by $2,569,901 or about 3.6%. Although it was unknown how the COVID-19 pandemic would affect the 2022-2023 school year, the local Derry Township economy rebounded more quickly than had been anticipated. The most significant increase was in local revenues which surpassed the budgeted revenues by more than $1.7 million. Collections of current Earned Income Taxes and Amusement Taxes were the most significant local revenues collected greater than budget. The PA State Budget was only passed July 8, 2022 and included increases in subsidy funding to PA state schools. The actual Basic Education Subsidy received in the 2022-2023 school year exceeded budget by $1 million.

2022-2023 actual expenditures were less than budgeted expenditures by $1,677,831. Personnel Services (salaries) were $600,000 under budget due to unfilled positions during the school year. This resulted in employee benefits also being under budget by $1.3 million primarily due to reductions in PSERS and medical benefits. Expenses in Plant Operations & Maintenance exceeded budget by $1 million primarily due to rising energy costs. Cyber School tuition rates continue to rise. Although the enrollment in cyber schools has dropped, the actual expense exceeded budget by $200,000.

Annual Financial Report

The governmental statements consist of the Statement of Net Assets and the Statement of Activities. These governmental statements combine governmental activities with business-type activities. The governmental activities include most of the District's programs and operations such as instruction, support services, plant operation and maintenance, pupil transportation and extracurricular activities. The business activities include services provided on a charge basis to recover the expenses of the services provided. The food service enterprise fund is reported as a business-type activity.

The Statement of Net Assets is a government-wide statement that summarizes the District's assets and liabilities in their entirety. It includes capital assets, net of a provision for accumulated depreciation, as well as long-term debt (mainly bonds payable).

The Statement of Activities is a government-wide statement that summarizes expenditures among the eight largest functions, as well as each program's net cost (total cost less subsidies, revenues generated by the activity, unrestricted grants and contributions by other organizations). It includes depreciation expense not previously recorded, and interest expense previously reported only in the debt service fund. The Governmental Funds Balance Sheet includes only assets expected to be used or consumed, and liabilities which will be due during the next year. Neither capital assets nor long-term debt are included. Note 1B to the Financial Statements explains the financial statements presentation in detail.

Fund Financial Statements

The Fund Statements present financial information in greater detail than the District-wide statements. Major funds are reported in separate columns, while non-major funds are aggregated and presented in a single column.

Governmental Funds are used to report most of the District's activities and focus on the flow of cash and other assets to and from the funds, and the remaining fund balances at the end of the fiscal year, which are available to be used in future periods. The governmental funds use the modified accrual method of accounting that measures cash and assets that can be readily converted to cash. The governmental funds provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine if there are greater or less financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities reported in the Statement of Net Assets and the Statement of Activities and governmental funds is reconciled in the financial statements.

Proprietary Funds are used to report District activities that are similar to business operations in the private sector. The Food Service Fund and the Granada Project Fund are the District's proprietary funds. Proprietary funds use the accrual method of accounting; therefore, proprietary fund reports will match, in all essential respects, the business-type activities portion of the government-wide statements.

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, are used to support school programs. The District is a beneficiary under the will of Milton S. Hershey and receives quarterly income distributions calculated annually at approximately 4% of the March 31st market value, in accordance with procedures established by the Pennsylvania Attorney General. The distributions support the overall academic programs of the District.

Fiduciary Funds are those funds that the District is the trustee, or fiduciary. Donations or bequests designated for scholarships are the primary fiduciary funds. Donors specify how the funds may be used. Since the funds may not be used for any other purpose, they are excluded from other District funds because the District is prohibited from using these funds to finance any other activities. The District's fiduciary activities are reported in separate Statements of Fiduciary Net Position.

The analysis of the District's major funds provides detailed information about the most significant funds - not the District as a whole. Some funds are required by state statute, while other funds are established by the District to help manage money for particular purposes and compliance with various grant provisions. The District's four types of funds: governmental, proprietary, permanent and fiduciary, use different accounting approaches as further described in the notes to the financial statements.

DERRY TOWNSHIP SCHOOL DISTRICT
MANAGEMENT AND DISCUSSION ANALYSIS
FISCAL YEARS ENDED JUNE 30, 2023 AND 2022
STATEMENT OF NET POSITION

	2023			2022		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Assets and Deferred Outflows						
Current and other assets	$ 79,015,715	$ 1,486,605	$ 80,502,320	$ 71,962,274	$ 1,735,495	$ 73,697,769
Capital assets	65,744,233	269,676	66,013,909	69,362,350	343,488	69,705,838
Deferred outflow of resources	13,899,130	281,749	14,180,879	15,642,971	315,954	15,958,925
Total assets and deferred outflows	$ 158,659,078	$ 2,038,030	$ 160,697,108	$ 156,967,595	$ 2,394,937	$ 159,362,532
Liabilities and Deferred Inflows						
Current liabilities	$ 12,469,757	$ (772,205)	$ 11,697,552	$ 12,431,699	$ (173,713)	$ 12,257,986
Non-current liabilities	111,956,694	2,027,854	113,984,548	116,019,535	1,983,983	118,003,518
Deferred inflows of resources	10,707,693	218,239	10,925,932	18,523,088	378,102	18,901,190
Total liabilities and deferred inflows	$ 135,134,144	$ 1,473,888	$ 136,608,032	$ 146,974,322	$ 2,188,372	$ 149,162,694
Net Position						
Net investment in capital assets	$ 52,489,446	$ 269,676	$ 52,759,122	$ 50,268,183	$ 343,488	$ 50,611,671
Restricted	52,161,984	-	52,161,984	49,240,997	-	49,240,997
Unrestricted	(81,126,496)	294,466	(80,832,030)	(89,515,907)	(136,923)	(89,652,830)
Total net position	$ 23,524,934	$ 564,142	$ 24,089,076	$ 9,993,273	$ 206,565	$ 10,199,838

DERRY TOWNSHIP SCHOOL DISTRICT
MANAGEMENT AND DISCUSSION AND ANALYSIS
FISCAL YEARS ENDED JUNE 30, 2023 AND 2022
STATEMENT OF ACTIVITIES

	2023			2022		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenues:						
Program Revenues:						
Charges for services and sales	$ 806,664	$ 1,152,244	$ 1,958,908	$ 698,960	$ 864,846	$ 1,563,806
Operating grants and contributions	17,111,978	1,204,167	18,316,145	15,626,739	2,002,159	17,628,898
Total program revenues:	17,918,642	2,356,411	20,275,053	16,325,699	2,867,005	19,192,704
General Revenues, Transfers and Special Item:						
Property taxes	40,979,432	-	40,979,432	39,178,400	-	39,178,400
Act 511 taxes	11,214,797	-	11,214,797	11,228,694	-	11,228,694
State property tax relief	838,505	-	838,505	672,468	-	672,468
Investment earnings	5,542,713	19,989	5,562,702	(5,417,066)	2,024	(5,415,042)
Miscellaneous	351,964	-	351,964	244,325	-	244,325
Gain on disposal of fixed assets	-	-	-	(309,566)	-	(309,566)
Capital contributions	-	-	-	-	-	-
Transfers	483	(483)	-	(303,242)	303,242	-
Total general revenues, transfers and special item	58,927,894	19,506	58,947,400	45,294,013	305,266	45,599,279
Total revenues	76,846,536	2,375,917	79,222,453	61,619,712	3,172,271	64,791,983
Expenses						
Program Expenses:						
Instruction	39,372,422	-	39,372,422	39,346,241	-	39,346,241
Instructional student support	6,518,163	-	6,518,163	6,190,280	-	6,190,280
Administrative and financial support services	6,729,430	-	6,729,430	6,541,062	-	6,541,062
Operation and maintenance of plant services	6,992,697	-	6,992,697	6,546,815	-	6,546,815
Pupil transportation	3,073,212	-	3,073,212	3,274,212	-	3,274,212
Student activities	2,397,854	-	2,397,854	1,900,713	-	1,900,713
Community services	11,814	-	11,814	11,659	-	11,659
Food service	-	1,886,224	1,886,224	-	1,831,234	1,831,234
Granada project	-	132,116	132,116	-	478,262	478,262
Total program expenses	65,095,592	2,018,340	67,113,932	63,810,982	2,309,496	66,120,478
Interest and Fiscal Charges	603,362	-	603,362	475,262	-	475,262
Total expenses	65,698,954	2,018,340	67,717,294	64,286,244	2,309,496	66,595,740
(Decrease) increase in net position	11,147,582	357,577	11,505,159	(2,666,532)	862,775	(1,803,757)
Net position (deficit) - beginning	9,993,273	206,565	10,199,838	12,659,805	(656,210)	12,003,595
Prior period adjustment	2,384,079	-	2,384,079	-	-	-
Net position (deficit) - beginning (as restated)	12,377,352	206,565	12,583,917	12,659,805	(656,210)	12,003,595
Net position (deficit) - ending	$ 23,524,934	$ 564,142	$ 24,089,076	$ 9,993,273	$ 206,565	$ 10,199,838

District Budget

The District's budget is prepared in accordance with Pennsylvania law and is based on accounting for certain transactions based on cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. The budgeting system controls expenses by classifying expenses by functional areas and by type of expense. A summary of budget to actual results for 2022-2023, is shown in the review below:

DERRY TOWNSHIP SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2023
GENERAL FUND SPENDING REVIEW

	Budgeted Amounts			Variance with
	Original Budget	Final Budget	Actual Amounts	Final Budget Pos (Neg)
REVENUES				
6000 Local Sources	$ 52,287,237	$ 52,287,237	$ 53,961,349	$ 1,674,112
7000 State Sources	13,484,600	13,484,600	14,265,528	780,928
8000 Federal Sources	3,206,965	3,206,965	3,206,343	(622)
9000 Other Financing Sources	2,324,869	2,324,869	2,440,352	115,483
Total Revenues	71,303,671	71,303,671	73,873,572	2,569,901
EXPENDITURES				
1100 Regular Programs	30,348,486	30,307,947	28,008,930	2,299,017
1200 Special Programs	9,098,071	9,235,337	8,954,187	281,150
1300 Vocational Programs	1,656,882	1,662,502	1,553,567	108,935
1400 Other Instructional Programs	151,971	151,971	164,684	(12,713)
1700 Community College	-	-	135,944	(135,944)
2100 Pupil Personnel	2,337,638	2,358,266	2,193,467	164,799
2200 Instructional Staff Services	3,165,077	3,165,077	3,036,698	128,379
2300 Administrative Services	3,994,400	3,944,700	4,157,310	(212,610)
2400 Pupil Health	1,118,706	1,131,947	1,215,084	(83,137)
2500 Business Services	876,566	850,566	845,547	5,019
2600 Plant Operation & Maintenance	5,896,164	5,896,740	6,930,716	(1,033,976)
2700 Pupil Transportation	3,373,752	3,372,564	3,087,799	284,765
2800 Central	1,682,618	1,701,206	1,544,809	156,397
2900 Other Support Services	51,804	51,804	52,269	(465)
3200 Student Activities	2,168,353	2,089,861	1,898,176	191,685
3300 Community Services	19,154	19,154	11,915	7,239
5110 Debt Service	290,000	290,000	981,632	(691,632)
5120 Refund of Prior Years Receipts	-	-	5,076	(5,076)
5200 Interfund Transfers	5,146,199	5,146,199	4,920,200	225,999
Total Expenditures	71,375,841	71,375,841	69,698,010	1,677,831
CHANGE IN FUND BALANCE	$ (72,170)	$ (72,170)	$ 4,175,562	$ 4,247,732

As noted earlier, 2022-2023 actual revenues exceeded budgeted revenues by $2,569,901.

2022-2023 actual expenditures were less than budgeted expenditures by $1,677,831.

Capital Assets

The schedule below reflects capital assets owned by the District, net of accumulated depreciation. For comparative purposes, the schedule reflects both the current and the preceding year.

DERRY TOWNSHIP SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEARS ENDED JUNE 30, 2023 AND 2022
CAPITAL ASSETS

	2023			2022		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Land	$ 1,047,274	$ -	$ 1,047,274	$ 1,047,274	$ -	$ 1,047,274
Construction-in-progress	61,219	-	61,219	601,268	-	601,268
Site improvements	2,523,062	-	2,523,062	2,990,672	-	2,990,672
Building and building improvements	58,318,299	-	58,318,299	61,322,875	-	61,322,875
Furniture and equipment	3,218,385	269,676	3,488,061	3,243,335	343,488	3,586,823
	$ 65,168,239	$ 269,676	$ 65,437,915	$ 69,205,424	$ 343,488	$ 69,548,912

Debt

The District did not issue any new debt during 2022-2023, The District continues to maintain a AAA credit rating as issued by Standard & Poor's. This rating is the highest rating that can be achieved. This places the District among only a handful of Pennsylvania districts with that rating.

Current Issues

On June 27, 2006, Pennsylvania's governor signed Act 1 of Special Session 2006 into law. This legislation is far-reaching and complex and includes provisions for District property tax reduction funded through gaming revenue, facilitates a tax reduction and possible tax shift though imposition of additional earned income tax or personal income tax, requires voter approval through a "back end referendum" for real estate tax rate increases beyond a state-calculated index and created a Local Tax Study Commission to submit a recommendation to the Board regarding the tax shifting noted above. The Act also requires adoption of a preliminary budget as much as six months earlier than in the past.

The District is required to make contributions to the Pennsylvania State Employees Retirement System (PSERS) which covers substantially all employees. Although contribution rates were projected to increase, the contribution rate for 2023-2024 is actually being reduced compared to the current rate. The PSERS Board of Trustees will continue to monitor the performance of the fund as it sets the rates going forward. Historic rates have been as follows:

2013-2014	16.93%
2014-2015	21.40%
2015-2016	25.84%
2016-2017	30.03%
2017-2018	32.57%
2018-2019	33.43%
2019-2020	34.29%
2020-2021	34.51%
2021-2022	34.94%
2022-2023	35.26%
2023-2024	34.00%

The Commonwealth of Pennsylvania provides a subsidy for one-half of the retirement contributions.

Contacting the District's Financial Management

Our financial report is designed to provide our citizens, taxpayers, parents, students, staff, investors and creditors with a general overview of the Derry Township School District's finances and to show the Board of School Directors' accountability for the funds the District receives. Questions about this report or requests for additional financial information should be directed to the Business Manager at Derry Township School District, 30A East Granada Avenue, Hershey, PA 17033, (717) 534-2501.

DERRY TOWNSHIP SCHOOL DISTRICT

STATEMENT OF NET POSITION
June 30, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	$ 22,253,242	$ 1,385,733	$ 23,638,975
Taxes receivable - net of allowance	2,581,845	-	2,581,845
Due from other governments	5,225,143	4,909	5,230,052
Other receivables	546,705	2,764	549,469
Inventories	148,541	93,199	241,740
Prepaid expense	125,546	-	125,546
Total current assets	30,881,022	1,486,605	32,367,627
Noncurrent Assets			
Land	1,047,274	-	1,047,274
Construction-in-progress	61,219	-	61,219
Site improvements - net of accum. depreciation	2,523,062	-	2,523,062
Buildings and improvements - net of accum. depreciation	58,318,298	-	58,318,298
Furniture and equipment - net of accum. depreciation	3,218,386	269,676	3,488,062
Right-to-use leased equipment - net of accum. amortization	575,994	-	575,994
Beneficial interest in perpetual trust	48,134,693	-	48,134,693
Total noncurrent assets	113,878,926	269,676	114,148,602
Total assets	$ 144,759,948	$ 1,756,281	$ 146,516,229
Deferred Outflows of Resources			
Deferred amounts on pension liability	$ 12,666,000	$ 258,000	$ 12,924,000
Deferred amounts on OPEB liabilities	1,161,884	23,749	1,185,633
Deferred amounts related to refunding debt	71,246	-	71,246
Total deferred outflows of resources	$ 13,899,130	$ 281,749	$ 14,180,879
Total assets and deferred outflows of resources	$ 158,659,078	$ 2,038,030	$ 160,697,108

See Notes to Financial Statements.

	Governmental Activities	Business-Type Activities	Totals
Liabilities			
Current Liabilities			
Internal balances	$ 956,929	$ (956,929)	$ -
Accounts payable	1,703,424	130,585	1,834,009
Accrued salaries and benefits	5,320,301	3,122	5,323,423
Payroll deductions and withholdings	411,085	-	411,085
Unearned revenue	11,748	51,017	62,765
Current portion of long-term liabilities	3,972,912	-	3,972,912
Accrued interest payable	83,012	-	83,012
Other current liabilities	10,346	-	10,346
Total current liabilities	12,469,757	(772,205)	11,697,552
Noncurrent Liabilities			
Net pension liability	86,572,000	1,767,000	88,339,000
General obligation bonds	12,513,220	-	12,513,220
Other lease obligations	300,635	-	300,635
Accrued compensated absences	1,441,823	39,246	1,481,069
Subscription liabilities	262,245	-	262,245
Other post-employment benefits (OPEB) payable	10,866,771	221,608	11,088,379
Total noncurrent liabilities	111,956,694	2,027,854	113,984,548
Total liabilities	124,426,451	1,255,649	125,682,100
Deferred Inflows of Resources			
Deferred amounts on pension liability	5,061,000	103,000	5,164,000
Deferred amounts on OPEB liabilities	5,646,693	115,239	5,761,932
Total deferred inflows of resources	10,707,693	218,239	10,925,932
Net Position (Deficit)			
Net investment in capital assets	52,489,446	269,676	52,759,122
Restricted	52,161,984	-	52,161,984
Unrestricted deficit	(81,126,496)	294,466	(80,832,030)
Total net position	23,524,934	564,142	24,089,076
Total liabilities, deferred inflows of resources and net position	$ 158,659,078	$ 2,038,030	$ 160,697,108

DERRY TOWNSHIP SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

Function/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-Type Activities	Total
Governmental Activities:						
Instruction	$ 39,372,422	$ 57,905	$ 13,853,517	$ (25,461,000)	$ -	$ (25,461,000)
Instructional student support	6,518,163	-	831,669	(5,686,494)	-	(5,686,494)
Administrative and financial support services	6,729,430	-	707,017	(6,022,413)	-	(6,022,413)
Operation and maintenance of plant services	6,992,697	84,457	590,640	(6,317,600)	-	(6,317,600)
Pupil transportation	3,073,212	-	748,609	(2,324,603)	-	(2,324,603)
Student activities	2,397,854	664,302	200,619	(1,532,933)	-	(1,532,933)
Community services	11,814	-	1,074	(10,740)	-	(10,740)
Debt service	603,362	-	178,833	(424,529)	-	(424,529)
Total governmental activities	65,698,954	806,664	17,111,978	(47,780,312)	-	(47,780,312)
Business-type Activities:						
Food service	1,886,224	937,753	1,204,167	-	255,696	255,696
Granada project	132,116	214,491	-	-	82,375	82,375
Total business-type activities	2,018,340	1,152,244	1,204,167	-	338,071	338,071
Total primary government	$ 67,717,294	$ 1,958,908	$ 18,316,145	$ (47,780,312)	$ 338,071	$ (47,442,241)
General Revenues and Transfers:						
Property taxes, levied for general purposes				$ 40,979,432	$ -	$ 40,979,432
Act 511 taxes, levied for general purposes				11,214,797	-	11,214,797
State property tax relief allocation				838,505	-	838,505
Investment earnings				5,542,713	19,989	5,562,702
Miscellaneous income				351,964	-	351,964
Transfers				483	(483)	-
Total general revenues and transfers				58,927,894	19,506	58,947,400
Changes in net position				11,147,582	357,577	11,505,159
Net position (deficit) - July 1, 2022				9,993,273	206,565	10,199,838
Prior period adjustment (see Note 1)				2,384,079	-	2,384,079
Net position (deficit) - July 1, 2022 (restated)				12,377,352	206,565	12,583,917
Net position - June 30, 2023				$ 23,524,934	$ 564,142	$ 24,089,076

See Notes to Financial Statements.

DERRY TOWNSHIP SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2023

	General Fund	Capital Projects Fund	Permanent Fund	Student Sponsored Activity Fund	Totals Governmental Funds
Assets					
Cash and cash equivalents	$ 16,531,131	$ 5,544,567	$ -	$ 177,544	$ 22,253,242
Taxes receivable - net of allowance	2,581,845	-	-	-	2,581,845
Due from other funds	1,259,917	2,808,350	-	-	4,068,267
Due from other governments	5,225,143	-	-	-	5,225,143
Other receivables	546,705	-	-	-	546,705
Inventories	148,541	-	-	-	148,541
Prepaid expense	125,546	-	-	-	125,546
Beneficial interest in perpetual trust	-	-	48,134,693	-	48,134,693
Total assets	$ 26,418,828	$ 8,352,917	$ 48,134,693	$ 177,544	$ 83,083,982
Liabilities					
Due to other funds	$ 3,685,196	$ 1,340,000	$ -	$ -	$ 5,025,196
Accounts payable	1,700,353	2,591	-	480	1,703,424
Accrued salaries and benefits	5,320,301	-	-	-	5,320,301
Payroll deductions and withholdings	411,085	-	-	-	411,085
Unearned revenue	11,748	-	-	-	11,748
Other Current Liabilities	10,346	-	-	-	10,346
Total liabilities	11,139,029	1,342,591	-	480	12,482,100
Deferred Inflows of Resources					
Delinquent property taxes	237,846	-	-	-	237,846
Fund Balances					
Nonspendable	-	-	48,134,693	-	48,134,693
Restricted	274,087	7,010,326	-	177,064	7,461,477
Committed	9,500,000	-	-	-	9,500,000
Unassigned	5,267,866	-	-	-	5,267,866
Total fund balances	15,041,953	7,010,326	48,134,693	177,064	70,364,036
Total liabilities, deferred inflows of resources and fund balances	$ 26,418,828	$ 8,352,917	$ 48,134,693	$ 177,544	$ 83,083,982

See Notes to Financial Statements.

DERRY TOWNSHIP SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2023

Total fund balances - governmental funds		$ 70,364,036
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital and right-to-use assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the capital assets is $164,398,070, and the accumulated depreciation/amortization is $98,653,837.		65,744,233
Property taxes receivable will be collected, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred inflows of resources in the funds.		237,846
Deferred inflows and outflows of resources related to pensions are applicable to future periods and, therefore, are not reported within the funds. Deferred inflows and outflows related to the pension are as follows (see footnotes for detail):		
Deferred outflows of resources		12,666,000
Deferred inflows of resources		(5,061,000)
Deferred inflows and outflows of resources related to OPEB are applicable to future periods and, therefore, are not reported within the funds. Deferred inflows and outflows related to OPEB are as follows (see footnotes for detail):		
Deferred outflows of resources		1,161,884
Deferred inflows of resources		(5,646,693)
Long-term liabilities, including bonds payable, lease obligations and payables, net pension liability, compensated absences and other post-employment benefits, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Bonds payable, net of related discounts and premiums	(15,849,220)	
Deferred amount on refunding of debt	71,246	
Accrued interest payable	(83,012)	
Lease and lease purchase obligations	(707,254)	
Subscription liabilities	(492,538)	
Net pension liability	(86,572,000)	
OPEB liabilities	(10,866,771)	
Accumulated compensated absences	(1,441,823)	(115,941,372)
Total net position - governmental activities		$ 23,524,934

See Notes to Financial Statements.

DERRY TOWNSHIP SCHOOL DISTRICT

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

	General Fund	Capital Projects Fund	Permanent Fund	Debt Service Funds	Student Sponsored Activity Fund	Totals Governmental Funds
Revenues						
Local sources	$ 53,961,349	$ 80,631	$ 4,935,767	$ -	$ 444,299	$ 59,422,046
State sources	14,265,528	-	-	-	-	14,265,528
Federal sources	3,206,343	-	-	-	-	3,206,343
Total revenues	71,433,220	80,631	4,935,767	-	444,299	76,893,917
Expenditures						
Instructional	38,817,312	-	-	-	-	38,817,312
Support services	23,063,699	664,226	-	-	-	23,727,925
Operation of noninstructional services	1,910,091	-	-	-	459,698	2,369,789
Refund of prior year receipts	5,076	-	-	-	-	5,076
Capital Outlay	-	160,047	-	-	-	160,047
Debt service	981,632	-	-	3,710,382	-	4,692,014
Total expenditures	64,777,810	824,273	-	3,710,382	459,698	69,772,163
Excess (deficiency) of revenues over expenditures	6,655,410	(743,642)	4,935,767	(3,710,382)	(15,399)	7,121,754
Other Financing (Uses) Sources						
Interfund transfers in	2,440,352	1,059,818	-	3,710,382	-	7,210,552
Interfund transfers out	(4,920,200)	-	(2,289,869)	-	-	(7,210,069)
Total other financing (uses) sources	(2,479,848)	1,059,818	(2,289,869)	3,710,382	-	483
Net changes in fund balances	4,175,562	316,176	2,645,898	-	(15,399)	7,122,237
Fund balance - July 1, 2022	10,866,391	6,694,150	45,488,795	-	192,463	63,241,799
Fund balance - June 30, 2023	$ 15,041,953	$ 7,010,326	$ 48,134,693	$ -	$ 177,064	$ 70,364,036

See Notes to Financial Statements.

DERRY TOWNSHIP SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

Net changes in fund balances - governmental funds		$ 7,122,237
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the amount by which depreciation/amortization and dispositions exceed capital outlays in the current period:		
Capital outlays	878,674	
Less net book value of disposed assets	(78,464)	
Less depreciation/amortization expense	(5,151,099)	(4,350,889)
Some taxes will not be collected for several months after the District's fiscal year end, they are not considered as "available" revenues in the governmental funds. Deferred inflows of resources decreased by this amount during the year.		(47,865)
Interest on long-term obligations in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. The change in interest accrued in the Statement of Activities over the amount due is shown here.		18,722
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:		
Change in net pension liability, net of deferred resources		4,411,000
Change in OPEB liabilities, net of deferred resources		63,202
Change in compensated absences		(138,755)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effects of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Repayment of leases payable	78,322	
Repayment of subscription liabilities	240,235	
Repayment of long-term debt	3,236,000	
Amortization of charges for bond refunding	(69,056)	
Amortization of bond premiums and discounts - net	203,952	
Repayment of extended term financing	380,477	4,069,930
Change in net position of governmental activities		$ 11,147,582

See Notes to Financial Statements.

DERRY TOWNSHIP SCHOOL DISTRICT

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

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Local sources	$ 52,287,237	$ 52,287,237	$ 53,961,349	$ 1,674,112
State sources	13,484,600	13,484,600	14,265,528	780,928
Federal sources	3,206,965	3,206,965	3,206,343	(622)
Total revenues	68,978,802	68,978,802	71,433,220	2,454,418
Expenditures				
Instruction				
Regular programs	30,348,486	30,307,947	28,008,930	2,299,017
Special programs	9,098,071	9,235,337	8,954,187	281,150
Vocational education programs	1,656,882	1,662,502	1,553,567	108,935
Other instructional programs	151,971	151,971	164,684	(12,713)
Community/junior college education programs	-	-	135,944	(135,944)
Total instruction	41,255,410	41,357,757	38,817,312	2,540,445
Support services				
Pupil personnel	2,337,638	2,358,266	2,193,467	164,799
Instructional staff	3,165,077	3,165,077	3,036,698	128,379
Administration	3,994,400	3,944,700	4,157,310	(212,610)
Pupil health	1,118,706	1,131,947	1,215,084	(83,137)
Business	876,566	850,566	845,547	5,019
Operation and maintenance of plant services	5,896,164	5,896,740	6,930,716	(1,033,976)
Student transportation services	3,373,752	3,372,564	3,087,799	284,765
Central	1,682,618	1,701,206	1,544,809	156,397
Other support services	51,804	51,804	52,269	(465)
Total support services	22,496,725	22,472,870	23,063,699	(590,829)
Operation of noninstructional services				
Student activities	2,168,353	2,089,861	1,898,176	191,685
Community services	19,154	19,154	11,915	7,239
Total operation of noninstructional services	2,187,507	2,109,015	1,910,091	198,924
Refund of prior years' receipts	-	-	5,076	(5,076)
Debt service	290,000	290,000	981,632	(691,632)
Total expenditures	66,229,642	66,229,642	64,777,810	1,451,832
Excess of revenues over expenditures	2,749,160	2,749,160	6,655,410	3,906,250
Other Financing (Uses) Sources				
Sale of or compensation for loss of fixed assets	35,000	35,000	-	(35,000)
Interfund transfers in	2,289,869	2,289,869	2,440,352	150,483
Interfund transfers out	(5,146,199)	(5,146,199)	(4,920,200)	225,999
Total other financing (uses) sources	(2,821,330)	(2,821,330)	(2,479,848)	341,482
Net change in fund balances	$ (72,170)	$ (72,170)	$ 4,175,562	$ 4,247,732

See Notes to Financial Statements.

DERRY TOWNSHIP SCHOOL DISTRICT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2023

	Food Service Fund	Granada Project Fund	Totals
Assets			
Current Assets			
Cash and cash equivalents	$ 1,454	$ 1,384,279	$ 1,385,733
Due from other funds	2,134,383	82,463	2,216,846
Due from other governments	4,909	-	4,909
Other receivables	2,764	-	2,764
Inventories	93,199	-	93,199
Total current assets	2,236,709	1,466,742	3,703,451
Noncurrent Assets			
Food service equipment, net	269,676	-	269,676
Total noncurrent assets	269,676	-	269,676
Total assets	$ 2,506,385	$ 1,466,742	$ 3,973,127
Deferred Outflows of Resources			
Deferred amounts on pension liability	$ 258,000	$ -	$ 258,000
Deferred amounts on OPEB liabilities	23,749	-	23,749
Total deferred outflows of resources	$ 281,749	$ -	$ 281,749
Liabilities			
Current Liabilities			
Due to other funds	$ 1,259,917	$ -	$ 1,259,917
Accounts payable	7,752	122,833	130,585
Accrued salaries and benefits	3,122	-	3,122
Unearned revenues	51,017	-	51,017
Total current liabilities	1,321,808	122,833	1,444,641
Noncurrent Liabilities			
Net pension liability	1,767,000	-	1,767,000
Accrued compensated absences	39,246	-	39,246
OPEB liabilities	221,608	-	221,608
Total noncurrent liabilities	2,027,854	-	2,027,854
Total liabilities	$ 3,349,662	$ 122,833	$ 3,472,495
Deferred Inflows of Resources			
Deferred amounts on pension liability	$ 103,000	$ -	$ 103,000
Deferred amounts on OPEB liabilities	115,239	-	115,239
Total deferred inflows of resources	$ 218,239	$ -	$ 218,239
Net Position (Deficit)			
Net investment in capital assets	$ 269,676	$ -	$ 269,676
Unrestricted (deficit) position	(1,049,443)	1,343,909	294,466
Total net (deficit) position	$ (779,767)	$ 1,343,909	$ 564,142

See Notes to Financial Statements.

DERRY TOWNSHIP SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS
Year Ended June 30, 2023

	Food Service Fund	Granada Project Fund	Total
Operating Revenues			
Food service revenue	$ 937,753	$ -	$ 937,753
Rental income	-	82,375	82,375
CAM income	-	132,116	132,116
Total operating revenues	937,753	214,491	1,152,244
Operating Expenses			
Salaries	718,786	-	718,786
Employee benefits	309,890	-	309,890
Food and supplies consumed	732,175	-	732,175
Other expenses	51,561	-	51,561
CAM expenses	-	132,116	132,116
Depreciation and amortization	73,812	-	73,812
Total operating expenses	1,886,224	132,116	2,018,340
Operating (loss) income	(948,471)	82,375	(866,096)
Nonoperating Revenues			
State subsidies for food service	155,219	-	155,219
State subsidy for social security payments	26,810	-	26,810
State subsidy for retirement payments	107,531	-	107,531
Federal subsidies	811,850	-	811,850
Value of U.S.D.A. commodities	102,757	-	102,757
Investment earnings	-	19,989	19,989
Total nonoperating revenues	1,204,167	19,989	1,224,156
Income before transfers	255,696	102,364	358,060
Interfund transfers in	150,000	-	150,000
Interfund transfers out	-	(150,483)	(150,483)
Total contributions and transfers	150,000	(150,483)	(483)
Changes in net position	405,696	(48,119)	357,577
Net Position (Deficit) - July 1, 2022	(1,185,463)	1,392,028	206,565
Net Position (Deficit) - June 30, 2023	$ (779,767)	$ 1,343,909	$ 564,142

See Notes to Financial Statements.

DERRY TOWNSHIP SCHOOL DISTRICT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
Year Ended June 30, 2023

	Food Service Fund	Granada Project Fund	Total
Cash Flows From Operating Activities			
Cash received from users	$ 871,462	$ 179,010	$ 1,050,472
Cash payments to employees for services	(1,117,031)	-	(1,117,031)
Cash payments for goods and services	(1,270,475)	(44,128)	(1,314,603)
Net cash used in provided by operating activities	(1,516,044)	134,882	(1,381,162)
Cash Flows From Noncapital Financing Activities			
State subsidies	295,855	-	295,855
Federal subsidies	1,064,871	-	1,064,871
Transfers	150,000	(150,483)	(483)
Net cash provided by (used in) noncapital financing activities	1,510,726	(150,483)	1,360,243
Cash Flows From Investing Activities			
Investment earnings	-	19,989	19,989
Net increase in cash and cash equivalents	(5,318)	4,388	(930)
Cash and Cash Equivalents:			
July 1, 2022	6,772	1,379,891	1,386,663
June 30, 2023	$ 1,454	$ 1,384,279	$ 1,385,733
Reconciliation of Operating (Loss) Income to Net Cash (Used in) Provided by Operating Activities:			
Operating (loss) income	$ (948,471)	$ 82,375	$ (866,096)
Adjustments to reconcile operating income (loss) to net cash (used in) provided by operating activities:			
Depreciation	73,812	-	73,812
Value of donated commodities	102,757	-	102,757
(Increase) decrease in:			
Other accounts receivable	(2,529)	-	(2,529)
Inventories	(8,827)	-	(8,827)
Deferred outflows of resources	34,205	-	34,205
(Decrease) increase in:			
Internal balances	(564,626)	22,790	(541,836)
Accounts payable	(16,043)	65,198	49,155
Accrued salaries and benefits	(6,568)	-	(6,568)
Unearned revenues	(63,762)	(35,481)	(99,243)
Accrued compensated absences	9,291	-	9,291
Net pension liability	78,000	-	78,000
OPEB liabilities	(43,420)	-	(43,420)
Deferred inflows of resources	(159,863)	-	(159,863)
Net cash (used in) provided by operating activities	$ (1,516,044)	$ 134,882	$ (1,381,162)
Supplemental Disclosure			
Noncash noncapital financing activity			
USDA donated commodities	$ 102,757	$ -	$ 102,757

See Notes to Financial Statements.

DERRY TOWNSHIP SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
June 30, 2023

		Private-Purpose Trust Fund
Assets		
Cash and cash equivalents	$	128,024
Investments		1,177,820
Other receivables		4,999
Total assets	$	1,310,843
Liabilities		
Due to other funds	$	-
Total liabilities	$	-
Net Position		
Restricted	$	1,310,843
Total net position	$	1,310,843

See Notes to Financial Statements.

DERRY TOWNSHIP SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended June 30, 2023

	Private-Purpose Trust Fund
Additions	
Interest earned	$ 5,418
Contributions	5,000
Unrealized gain on investments	116,285
Total additions	126,703
Deductions	
Scholarships awarded	169,137
Change in net position	(42,434)
Net Position:	
July 1, 2022	1,353,277
June 30, 2023	$ 1,310,843

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

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

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

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

A. Reporting Entity

In evaluating the District as a reporting entity, management has addressed all potential component units which may or may not fall within the District's financial accountability. The criteria used by the District to evaluate the possible inclusion of related entities within its reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given case, the District reviews the applicability of the following criteria:

The District is financially accountable for:

Organizations that make up the legal District entity.

Legally separate organizations if District officials appoint a voting majority of the organizations' governing body and the District is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

Impose its will: If the District can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.

Financial benefit or burden: Exists if the District (1) is entitled to the organization's resources or (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization or (3) is obligated in some manner for the debt of the organization.

Organizations that are fiscally dependent on the District.

Fiscal dependency is established if the organization is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the District.

Based on the foregoing criteria, the District has no component entities that need to be included in the District's financial statements.

Note 1. Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

Joint Ventures: The District is a participant in several joint ventures, each of which is a separate legal entity that offers services to the District and its residents. These entities serve multiple school districts and municipalities and, therefore, are not included in this reporting entity as a component unit. These entities do not have taxing authority, but are required to adopt an annual budget, which is funded primarily by its members and others that use its services.

Dauphin County Area Vocational Technical School: The District is one of seven-member school districts of the Dauphin County Technical School (DCTS). The Vo-Tech School provides vocational-technical education to the constituents of all participating school districts. Member school districts are responsible for funding the major portion of the Vo-Tech School's operating budget. For the year ended June 30, 2023, Derry Township School District paid $595,317 for its estimated share of the operating budget. As of June 30, 2023, the Vo-Tech School's General Fund had total assets of $3,874,951 and total liabilities of $3,139,251. As of June 30, 2023, the Vo-Tech School had property and equipment net of accumulated depreciation of $22,821,024, and long-term liabilities of $42,824,397. The Vo-Tech School's outstanding balance on their Series of 2015 bond as of June 30, 2023, is $12,240,000.

The Board authorized the incurring of lease rental debt in connection with the Dauphin County Technical School, by entering into an agreement of lease and guaranty with Dauphin County Technical School, dated March 15, 2007. The Technical School constructed improvements and renovations and acquired equipment for the Technical School and has financed it by issuing $24,750,000 in School Lease Revenue Bonds, Series of 2007, dated March 15, 2007. These bonds were refinanced by the issuance of Series of 2015, dated March 15, 2015, in the amount of $19,005,000. This debt is supported by the full faith, credit and taxing power of the seven-member school districts who participate in the Technical School. Derry Township School District's original share of this debt was $3,170,034, which was based on the market valuation of all taxable real property in each school district.

The following is a schedule of principal and interest requirements to service the Lease Obligations - Dauphin County Technical School Bond requirements of the District:

	Vo-Tech Lease Obligation		
Years	Principal	Interest	Total
2024	$ 208,787	$ 79,291	$ 288,078
2025	218,010	70,381	288,391
2026	227,234	60,974	288,208
2027	237,296	51,043	288,339
2028	247,358	40,623	287,981
2029-2031	1,044,993	54,049	1,099,042
	$ 2,183,678	$ 356,361	$ 2,540,039

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

Capital Area Intermediate Unit: This Intermediate Unit provides support and services to students with special needs that cannot be provided by district staff.

Harrisburg Area Community College: Provides higher education services. All Dauphin County Schools provide support to reduce tuition for district residents who attend full time.

The most recent audited financial statements of these joint ventures are available for inspection at the District's business office.

B. Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities and Fund Financial Statements, which provide a more detailed level of financial information.

Government-wide Financial Statements: The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The Statement of Net Position presents the financial condition of the governmental and business-type activities of the District at year end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities, and for the business-type activities of the District. 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 District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

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

Note 1. Summary of Significant Accounting Policies (Continued)

C. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental funds are those through which most governmental functions of the District are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds for the year ended June 30, 2023:

The General Fund is the operating fund of the District and is used to account for all financial resources, except those required to be accounted for in another fund.

The Capital Projects Funds are made up of the Capital Reserve Fund as well as the Capital Projects Fund. The Capital Reserve Fund was established by the Board in April 2008, to fund various future school projects. The annual funding level shall be adjusted based on a board approved "capital maintenance/growth plan" and shall not exceed three years of projected expenditures. Expenditures are limited to capital improvements, replacement of and additions to public works and improvements, for deferred maintenance thereof, and for the purchase or the replacement of school buses, and for no other purpose. The Capital Projects Fund was established by the Board in 2019 and is used to account for and report financial resources that are restricted to expenditures for the acquisition, construction, or improvement of major capital facilities.

The Permanent Fund is a beneficial interest in a perpetual trust. The fund is legally restricted to the extent that only earnings, and not principal, are used for purposes that support the District's programs.

The Debt Service fund accounts for accumulation of resources for, and the payment of long-term debt principal, interest and related costs.

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

Proprietary Funds focus on the determination of the changes in net position, financial position and cash flows. Proprietary funds are classified as enterprise or internal service; the District has no internal service funds.

Enterprise Funds are used to account for any activity for which a fee is charged to external users for goods or services. The District reports the following enterprise funds:

The Food Service Fund accounts for the financial transactions related to food service operations.

The Granada Project Fund accounts for financial transactions related to facility rental operations.

Note 1. Summary of Significant Accounting Policies (Continued)

C. Fund Accounting (Continued)

Fiduciary Fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are, therefore, not available to support the District's own programs. The District's only trust funds are private purpose trust funds which account for scholarship programs for students.

D. Measurement Focus and Basis of Accounting

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

E. Budgets and Budgetary Accounting

An operating budget is adopted prior to the beginning of each year for the General Fund on a modified accrual basis of accounting. The General Fund is the only fund for which a budget is legally required.

The Pennsylvania School Code dictates specific procedures relative to adoption of the District's budget and reporting of its financial statements, specifically:

The District, before levying annual school taxes, is required to prepare an operating budget for the succeeding fiscal year.

The District is required to publish notice by advertisement, at least once in two newspapers of general circulation in the municipality in which it is located, and within 15 days of final action, that the proposed budget has been prepared and is available for public inspection at the administrative office of the District.

Notice that public hearings will be held on the proposed operating budget must be included in the advertisement; such hearings are required to be scheduled at least 10 days prior to when final action on adoption is taken by the Board.

Legal budgetary control is maintained at the sub-function/major object level. The Board may make transfers of funds appropriated to any particular item of expenditure by legislative action in accordance with the Pennsylvania School Code. Management may amend the budget at the sub-function/sub-object level without Board approval. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effect of approved budget amendments. The Board made no supplemental budgetary appropriations throughout the year.

In order to preserve a portion of an appropriation for which an expenditure has been committed by a purchase order, contract or other form of commitment, an encumbrance is recorded. Encumbrances outstanding at year end are reported in the fund financial statements as a committed fund balance.

Included in the General Fund budget are program budgets as prescribed by the Federal and state agencies funding the program. These budgets are approved on a program by program basis by the Federal and state funding agencies.

Note 1. Summary of Significant Accounting Policies (Continued)

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

Cash and Cash Equivalents and Investments: Cash includes all demand deposits, petty cash, savings, money market accounts and Certificates of Deposit owned by the District. Investments include repurchase agreements, investment trusts which mature at a future date, mutual funds and United States Treasury Notes. Investments are stated at fair value. Accrued interest is reflected as "other receivables" on the balance sheet.

The District is authorized by Sec. 440.1 of the Public School Code of 1949, as amended, to invest in United States Treasury Bills, short-term obligations of the United States Government or its agencies and instrumentalities, or in deposits, in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation (FDIC) or the Federal Savings and Loan Insurance Corporation (FSLIC) or the National Credit Union Share Insurance Fund (NCUSIF), to the extent that such accounts are so insured, and for any amounts above the insured maximums, provided that approved collateral as required by provisions of Act No. 72 of the Commonwealth of Pennsylvania are pledged by the depository.

For purposes of these financial statements, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Interfund Balances: On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payable." These amounts are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Inventory: On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are based upon the latest invoice price, which approximates cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. Inventories of the governmental funds and enterprise fund are expensed when used.

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

Capital Assets: General capital assets are those assets not specifically related to activities reported in the proprietary funds. 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 in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide Statement of Net Position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of $5,000. The 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.

All reported capital assets except land, land improvements and construction-in-progress 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	Business-Type Activities Estimated Lives
Buildings and improvements	20-50 years	N/A
Furniture and equipment	5-15 years	5-12 years
Vehicles	8-10 years	N/A

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

Long-Term Obligations: In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activity columns in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an expense in the period incurred.

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

Leases: The District is a lessee for non-cancellable leases of equipment. A lease liability and an intangible right-to-use lease asset is recognized in the government-wide financial statements.

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

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

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

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Compensated Absences: Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the District's past experience of making termination payments. The compensated absence liability is reported on the government-wide financial statements.

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

Other Post-Employment Benefits (Continued):

The balance of the District's OPEB liabilities and related deferred outflows/inflows of resources at June 30, 2023, are as follows:

	Governmental Activities	Business-Type Activities	Total
OPEB Liabilities			
District's Single Employer Plan	$ 7,281,771	$ 148,608	$ 7,430,379
PSERS Cost Sharing Plan	3,585,000	73,000	3,658,000
Total	$ 10,866,771	$ 221,608	$ 11,088,379
Deferred Outflows of Resources			
District's Single Employer Plan	$ 443,384	$ 9,049	$ 452,433
PSERS Cost Sharing Plan	718,500	14,700	733,200
Total	$ 1,161,884	$ 23,749	$ 1,185,633
Deferred Inflows of Resources			
District's Single Employer Plan	$ 4,627,493	$ 94,439	$ 4,721,932
PSERS Costs Sharing Plan	1,019,200	20,800	1,040,000
Total	$ 5,646,693	$ 115,239	$ 5,761,932

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

Government-wide Net Position: Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. The District's net position is composed of the following:

Net Investment in Capital Assets: Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of these assets.

Restricted: Represents amounts with external constraints placed on the use of these resources or imposed through constitutional provisions or enabling legislation. Restricted net position for the governmental activities is composed of the following:

	Amount
Capital improvements	$ 3,850,227
Student sponsored activities	177,064
Beneficial interest in perpetual trust (nonexpendable)	48,134,693
Total restricted net position	$ 52,161,984

There were no restrictions placed on net position for the business-type activities.

Unrestricted: The difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not reported in net investment in capital assets or as restricted net position.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first and then unrestricted resources as they are needed.

Note 1. Summary of Significant Accounting Policies (Continued)

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

Fund Balances: In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable: Represents amounts that cannot be spent either because they are in nonspendable form (such as inventory or prepaids) or because they are legally or contractually required to be maintained intact (such as notes receivable or principal of a permanent fund).

Restricted: Represents amounts with external constraints placed on the use of these resources (such as grantors, bondholders and higher level of government) or imposed through constitutional provisions or enabling legislation.

Committed: Represents amounts that can only be used for specific purposes imposed by a formal action of the District's highest level of decision making authority, the Board. Committed resources cannot be used for any other purpose unless the Board removes or changes the specific use by taking the same formal action that imposed the constraint originally.

Assigned: Represents amounts the District intends to use for specific purposes as expressed by the Board or an official delegated the authority. The Board has delegated the authority to assign fund balances to the Business Manager. The District does not have any amounts that are assigned.

Unassigned: Represents amounts that are available for any purpose, reported only in the General Fund.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expensed is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance and unassigned fund balance.

The District's policy is to maintain eight percent (8%) of annual budgeted operating expenditures for the next fiscal year as its maximum general fund unassigned fund balance.

The following schedule provides information about the specific fund balance classification by fund:

	General Fund	Capital Projects Fund	Student Sponsored Activity Fund	Permanent Fund	Total
Nonspendable					
Inventory	$ 148,541	$ -	$ -	$ -	$ 148,541
Prepaid expenses	125,546	-	-	-	125,546
Beneficial interest in perpetual trust	-	-	-	48,134,693	48,134,693
Restricted					
Capital improvements	-	7,010,326	-	-	7,010,326
Student sponsored activities	-	-	177,064	-	177,064
Committed					
Health benefits	2,000,000	-	-	-	2,000,000
Retirement stabilization	500,000	-	-	-	500,000
Capital planning	7,000,000	-	-	-	7,000,000
Unassigned	5,267,866	-	-	-	5,267,866
Total	$ 15,041,953	$ 7,010,326	$ 177,064	$ 48,134,693	$ 70,364,036

Note 1. Summary of Significant Accounting Policies (Continued)

G. New Accounting Pronouncements

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

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

GASB Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice. Accordingly, a restatement of net position was necessary to implement this statement.

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

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-an intangible asset and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The adoption of this pronouncement resulted in the measurement of SBITA liabilities using the remaining lease term and discount rate at July 1, 2022, and the right-to-use assets were measured based on the lease liability. Accordingly, a restatement of net position was not necessary to implement this statement.

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

Note 1. Summary of Significant Accounting Policies (Continued)

G. New Accounting Pronouncements (Continued)

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

GASB Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62,* will be effective for fiscal years beginning after June 15, 2023. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting - understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

GASB Statement No. 101, *Compensated Absences,* will be effective for fiscal years beginning after December 15, 2023. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. It requires that liability for certain types of compensated absences - including parental leave, military leave, and jury duty leave - not be recognized until the leave commences. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

H. Other

Encumbrances: Encumbrances at year end are reported in the fund financial statements as restricted or committed fund balances since they do not constitute expenditures or liabilities but serve as authorization for expenditures in the subsequent year.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Significant estimates used in preparation of these financial statements include depreciation, compensated absences, pension related items and other post-employment benefits. Accordingly, actual results could differ from those estimates.

Note 1. Summary of Significant Accounting Policies (Continued)

H. Other (Continued)

Restatement of Net Position and Fund Balance Beginning Balances: As of July 1, 2022, the District restated the Governmental Activities net position. This restatement was necessary due to implementation of GASB 91 Conduit Debt and the derecognition of the District's debt obligation to Dauphin County Technical School. The restatement had the following effect on net position:

	Governmental Activities
Net position as previously reported on June 30, 2022	$ 9,993,273
Prior period adjustment for derecognition of conduit debt	2,384,079
Net position as restated on July 1, 2022	$ 12,377,352

Subsequent Events: In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through June 10, 2024, the date that the financial statements were available to be issued.

Note 2. Deposits and Investments

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

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

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

Deposits: Custodial Credit Risk

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

	Carrying Amount	Bank Balance	Financial Institution
Insured (FDIC)	$ 250,000	$ 250,000	First National Bank
Insured (FDIC)	9,364	9,364	WSFS Institutional Services
Uninsured, collateralized in accordance with Act 72	19,334,321	19,597,372	First National Bank
	$ 19,593,685	$ 19,856,736	

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

Note 2. Deposits and Investments (Continued)

Investments

It is the District's investment policy to optimize its return through investment of cash balances in such a way as to minimize non-invested balances and to maximize return on investments. The primary objectives of investment activities, in priority order, shall be:

1. Legality - All investments shall be made in accordance with applicable laws of Pennsylvania.
2. Safety - Safety of principal shall be of highest priority. Preservation of capital in the portfolio of investments shall be ensured through the mitigation of credit risk and interest rate risk.
3. Liquidity - Investments shall remain sufficiently liquid to meet all operating requirements that are reasonably anticipated. A fiscal year operations anticipated cash flow shall be developed so that investments can be made as early as possible, with maturities concurrent with anticipated cash demands.
4. Yield - Investments shall be made with the objective of attaining a market-average rate of return throughout the budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs.

The PSDMAX fund is a 2a7-like pool. The amortized cost, which approximates fair value of the pool, is determined by the pool's share price. The District has an investment in a qualified investment pool with the Pennsylvania School District Liquid Asset Fund (PSDLAF). Except for direct deposits from the Commonwealth, investments in the PSDLAF/Max account are subject to a 14-day minimum holding period, and to penalty for early withdrawal. This requirement has been waived by the trust since inception. The District has no regulatory oversight for the pool, which is governed by the Board of Trustees and is administered by PMA Financial Network, Inc. The pool is audited annually by PricewaterhouseCoopers, LLP, an independently elected public official. At June 30, 2023, the District had investments with the PSDLAF of $4,163,042.

As of June 30, 2023, the James L. Fillmore Scholarship Trust Fund (contained within the fiduciary fund - private purpose trust fund), to be used to provide scholarships for students to attend the University of Cincinnati, had the following investments:

Investments	Fair Value
Money market fund	$ 245,667
Mutual funds	755,037
Common stock	80,930
Exchange traded funds	96,186
Total investments	$ 1,177,820

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Note 2. Deposits and Investments (Continued)

Investments (Continued)

Common Stocks, Mutual Funds and Exchange Traded Funds: The fair value of common stocks and mutual funds are based on closing market prices for the identical security as reported in active markets. These investments are reported at fair value as Level 1 investments under GASB Statement No. 72.

Money Market Funds: Fixed income securities do not always trade on a daily basis so the fair values of each security are dependent upon various pricing models that incorporate benchmark yields, interest rates, credit risk, broker-dealer quotes and other valuation processes. These investments are reported at fair value as a Level 2 investment under GASB Statement No. 72.

Note 3. Beneficial Interest in a Perpetual Trust

The District is named the beneficiary in a perpetual trust, which originated from a bequest by Milton S. Hershey in 1946, and is administered by Fulton Bank, NA. The perpetual trust is to pay income to the District quarterly, and the District is to use the funds for such purpose as determined by the Board. The funds in the trust are restricted and are not available to the District, except for distributions made from the trust to the District per the trust agreement and state law governing perpetual trusts. Assets of the perpetual trust are restricted in the Statement of Net Position and designated as nonspendable in the governmental funds balance sheet. The assets are recorded at fair value. Income less trustee fees and changes in fair value of the perpetual trust are recorded as investment earnings. The following is a summary of the transactions for the year ended June 30, 2023:

		Amount
Balance at July 1, 2022	$	45,488,795
Net investment gain		5,096,946
Trustee fees		(161,180)
Transfers to general fund		(2,289,868)
Balance at June 30, 2023	$	48,134,693

The assets of the perpetual trust are categorized as Level 3. Financial assets valued using level 3 inputs are based on significant unobservable inputs and have the lowest priority. According to FASB ASC 820-10-35-58, if an organization will never be able to redeem its investment at the net asset value per share (as in a perpetual trust), the measurement should be categorized as a Level 3 fair value measurement.

Note 4. Property Taxes

Based upon assessed valuations provided by the County, the District bills and collects its own property taxes. The schedule for property taxes levied for 2022-2023, is as follows:

July 1, 2022	Tax levy date
Through August 31, 2022	2% discount
September 1 - October 31, 2022	Face payment period
November 1 - December 31, 2022	10% penalty period
January 1, 2023	Lien filing date

The District's tax rate for all purposes in 2022-2023 was 19.4348 mills ($19.4348 per $1,000 assessed valuation). Refunds on payments of prior year taxes are classified as Other Debt Service items under the Commonwealth of Pennsylvania's accounting system. Current tax collections for the District were approximately 99% of the total tax levy.

Note 5. Taxes Receivable, Deferred Inflows of Resources and Estimated Uncollectible Taxes

A summary of the taxes receivable and related accounts at June 30, 2023, are as follows:

	Amount
Uncollected Taxes	$ 5,264,114
Estimated uncollectible taxes	(2,682,269)
Taxes Receivable - Net	$ 2,581,845
Taxes to be collected within 60 days	$ 2,343,999
Deferred inflows of resources - delinquent property taxes	237,846
Taxes Receivable - Net	$ 2,581,845

Note 6. Interfund Receivables and Payables and Transfers

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

Fund	Interfund Receivables	Interfund Payables
Governmental Funds		
General	$ 1,259,917	$ 3,685,196
Capital projects	2,808,350	1,340,000
Proprietary Funds		
Food service	2,134,383	1,259,917
Granada project	82,463	-
	$ 6,285,113	$ 6,285,113

In order to take advantage of higher interest rates, the District holds all of the cash for each fund in one account. They make monthly transfers to cover the expenses of each fund. The balances in the interfund receivables are the amount of cash belonging to that fund in the general fund account.

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

Individual fund transfers during the fiscal year ended June 30, 2023, are as follows:

Fund	Transfers In	Transfers Out
Governmental Funds		
General	$ 2,440,352	$ 4,920,200
Capital projects	1,059,818	-
Permanent	-	2,289,869
Debt service	3,710,382	-
Proprietary Fund		
Food service	150,000	-
Granada	-	150,483
	$ 7,360,552	$ 7,360,552

Transfers and payments within the District are substantially for purposes of funding capital projects and asset acquisitions or maintaining debt service on a routine basis. Transfers are made from the general fund to the food service fund for operation of the school's cafeteria program. Transfers are made from the general fund to the capital projects fund to provide funding for future projects. Transfers are made from the permanent fund to the general fund for investment earnings of the fund. Resources are accumulated in a fund to support and simplify the administration of various projects or programs.

Note 7. Capital Assets

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

	July 1, 2022 (restated)	Increases	Decreases	June 30, 2023
Governmental Activities:				
Capital assets, not being depreciated				
Land	$ 1,047,274	$ -	$ -	$ 1,047,274
Construction-in-progress	601,268	61,219	601,268	61,219
Total capital assets not being depreciated	1,648,542	61,219	601,268	1,108,493
Capital assets being depreciated				
Site improvements	10,730,724	-	-	10,730,724
Buildings and building improvements	119,406,048	151,556	-	119,557,604
Furniture and equipment	31,453,948	1,267,166	531,100	32,190,014
Right-to-use leased equipment	156,926	-	78,464	78,462
Right-to-use subscription assets	732,773	-	-	732,773
Total capital assets being depreciated	162,480,419	1,418,722	609,564	163,289,577
Less accumulated depreciation				
Site improvements	7,740,052	467,610	-	8,207,662
Buildings and building improvements	58,083,173	3,156,132	-	61,239,305
Furniture and equipment	28,210,613	1,527,357	531,100	29,206,870
Total Accumulated Depreciation	94,033,838	5,151,099	531,100	98,653,837
Total capital assets being depreciated, net	68,446,581	(3,732,377)	78,464	64,635,740
Total Governmental Activities, Capital Assets - Net	$ 70,095,123	$ (3,671,158)	$ 679,732	$ 65,744,233
Business-Type Activities				
Capital assets being depreciated				
Equipment	$ 2,350,525	$ -	$ -	$ 2,350,525
Less accumulated depreciation				
Equipment	2,007,037	73,812	-	2,080,849
Business-Type Activities, Capital Assets - Net	$ 343,488	$ (73,812)	$ -	$ 269,676

Note 7. Capital Assets (Continued)

Depreciation on equipment was charged to functions/programs of the primary government as follows:

	Amounts
Governmental Activities:	
Instruction	$ 3,224,419
Instructional student support	565,276
Administrative and financial support services	571,921
Operation and maintenance of plant services	388,959
Pupil transportation	237,371
Student activities	162,285
Other community services	868
Total governmental activities	5,151,099
Business-Type Activities	
Food service	73,812
Total School District	$ 5,224,911

Note 8. Long-Term Obligations

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

	July 1, 2022 (restated)	Increases	Decreases	June 30, 2023	Due within one year
Governmental activities:					
Bonds and notes payable					
Series A of 2015	$ 2,425,000	$ -	$ 1,155,000	$ 1,270,000	$ 1,270,000
Series of 2016	885,000	-	440,000	445,000	445,000
Series A of 2019	1,985,000	-	60,000	1,925,000	10,000
Series B of 2019	1,555,000	-	-	1,555,000	-
Series C of 2019	6,315,000	-	1,415,000	4,900,000	1,520,000
Series of 2021	4,640,000	-	165,000	4,475,000	90,000
Series A of 2021	1,014,000	-	1,000	1,013,000	1,000
Net premium on bonds	470,172	-	203,952	266,220	-
Total bonds and notes payable	19,289,172	-	3,439,952	15,849,220	3,336,000
Other lease obligations	1,007,828	-	380,477	627,351	326,716
Leases payable	158,225	-	78,322	79,903	79,903
Subscription liabilities	732,773	-	240,235	492,538	230,293
Compensated absences	1,303,068	138,755	-	1,441,823	-
Total governmental activities long-term obligations	$ 22,491,066	$ 138,755	$ 4,138,986	$ 18,490,835	$ 3,972,912
Business-type activities:					
Compensated absences	$ 29,955	$ 9,291	$ -	$ 39,246	$ -
Total business-type activities long-term obligations	$ 29,955	$ 9,291	$ -	$ 39,246	$ -

General Obligation Bonds - Series A of 2015 - On November 23, 2015, the District authorized the issuance of General Obligation Bonds, Series A of 2015, in the aggregate principal amount of $6,120,000. The proceeds of the bonds were used to provide funds to: (1) advance refund a portion of the outstanding General Obligation Bonds, Series of 2008 of the District and (2) pay the costs of issuing the bonds. A portion of the proceeds was irrevocably deposited in an escrow fund maintained by Manufacturers and Traders Trust Company. These proceeds were used to purchase certain United States Treasury Securities, which will mature and earn interest to provide for all future debt service on the refunded portion of the Series 2008 bonds. As a result, a portion of the Series 2008 bonds are considered defeased and the District has removed a portion of the liability from its accounts. The outstanding principal of the defeased bonds was $5,875,000 at June 30, 2018, and this amount was paid in full during the year ending June 30, 2019. The advanced refunding reduced total debt service payments by $712,639 over the next 9 years. This results in an economic gain (difference between present value of the debt service payments on the old and new debt) of $674,897. The Bonds bear interest rates that shall not exceed 4.00%; the initial rate is 1.00%. The bonds mature serially in amounts ranging from $170,000 to $2,230,000 through 2024. On January 25, 2021, the District issued General Obligation Note - Series of 2021 to partially refund these bonds.

Note 8. Long-Term Obligations (Continued)

General Obligation Bonds - Series of 2016 - On February 22, 2016, the District authorized the issuance of General Obligation Bonds, Series of 2016, in the aggregate principal amount of $7,200,000. The proceeds of the bonds were used to provide funds for: (1) the current refunding of the general obligation bonds, series of 2011 of the District and (2) pay the costs of issuing the bonds. The refunding reduced total debt service payments by $269,880 over the next 9 years. This results in an economic gain (difference between present value of the debt service payments on the old and new debt) of $267,605. The Bonds bear interest rates that shall not exceed 4.00%; the initial rate is 0.37%. The bonds mature serially in amounts ranging from $255,000 to $1,360,000 through 2023.

General Obligation Notes - Series A of 2019 - On December 17, 2018, the District authorized the issuance of General Obligation Notes, Series A of 2019, in the aggregate principal amount of $3,310,000. The proceeds of the notes were used to provide funds to: (1) the current refunding of the outstanding General Obligation Bonds, Series of 2012, of the District; (2) the current refunding of a portion of the outstanding General Obligation Bonds, Series A of 2012, of the District; (3) various capital projects of the District and (4) pay the costs of issuing the notes. The economic loss on the refunding of the 2012, and 2012A bonds was $165,934. The Notes bear interest rates that shall not exceed 4.00%; the initial rate is 1.78%. The notes mature serially in amounts ranging from $10,000 to $1,685,000 through 2026. On January 25, 2021, the District issued General Obligation Bond - Series A of 2021 to partially refund these bonds.

General Obligation Notes - Series B of 2019 - On December 17, 2018, the District authorized the issuance of General Obligation Notes, Series B of 2019, in the aggregate principal amount of $1,555,000. The proceeds of the notes were used to provide funds to: (1) various capital projects of the District and (2) pay the costs of issuing the notes. The Notes bear an interest rate of 3.5%. The notes are not subject to redemption prior to maturity and are scheduled to mature in May 2026.

General Obligation Notes - Series C of 2019 - On December 20, 2019, the District authorized the issuance of General Obligation Notes, Series C of 2019, in the aggregate principal amount of $9,030,000. The proceeds of the notes were used to provide funds to: (1) the current refunding of the outstanding General Obligation Bonds, Series of 2014, of the District and (2) pay the costs of issuing the bonds. The economic gain on the refunding of the 2014 bonds was $421,150. The bonds bear interest rates that shall not exceed 4.00%, the initial rate is 1.20%. The bonds mature serially in amounts ranging from $45,000 to $3,380,000 through 2024.

General Obligation Notes - Series of 2021 - On January 25, 2021, the District authorized the issuance of General Obligation Notes, Series of 2021, in the aggregate principal amount of $4,815,000. The proceeds of the notes were used to provide funds to: (1) the current refunding of the outstanding General Obligation Bonds, Series A of 2012, and Series of 2015, and a portion of the General Obligation Bonds, Series A of 2015, of the District and (2) pay the costs of issuing the notes. The Notes bear an interest rate of 1.38%. The Notes mature serially in amounts ranging from $30,000 to $2,625,000 through 2028.

Note 8. Long-Term Obligations (Continued)

General Obligation Bonds - Series A of 2021 - On January 25, 2021, the District authorized the issuance of General Obligation Bonds, Series A of 2021, in the aggregate principal amount of $1,015,000. The proceeds of the Bonds were used to advance refund the District's outstanding General Obligation Notes, Series A of 2019 and to pay for the cost of issuance. A portion of the proceeds was irrevocably deposited in a trust with an escrow agent. These proceeds were used to purchase certain United States Treasury Securities, which will mature and earn interest to provide for all future debt service on the refunded portion of the Series A of 2019 bonds. As a result, a portion of the Series A of 2019 bonds are considered defeased and the District has removed a portion of the liability from its accounts. The outstanding principal of the defeased bonds is $910,000 as of June 30, 2021. The economic loss on the refunding of the bonds was $39,914. The Notes bear an interest rate of 1.25%. The bonds mature serially in amounts ranging from $1,000 to $1,010,000 through 2027.

The following is a schedule of principal and interest requirements to service the general long-term debt of the District:

	General Obligation Debt		
Years	Principal	Interest	Total
2024	$ 3,336,000	$ 379,093	$ 3,715,093
2025	3,451,000	262,438	3,713,438
2026	3,516,000	193,412	3,709,412
2027	3,635,000	71,551	3,706,551
2028	1,645,000	22,701	1,667,701
	$ 15,583,000	$ 929,195	$ 16,512,195

Leases Payable

The District leases equipment for certain District offices and buildings. The remaining lease term is for two years. The District's equipment leases contain scheduled monthly payments with expiration dates extending through 2024. Leases payables are fully funded by the general fund.

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

Year ending June 30:	Principal	Interest	Total Payments
2024	$ 79,903	$ 868	$ 80,771
	$ 79,903	$ 868	$ 80,771

Note 8. Long-Term Obligations (Continued)

Subscription Based Information Technology Arrangements (SBITA) Liabilities

The District enters into various arrangements for administrative and educational software and other information technology. Many of the software and information technology arrangements are for a term of one year or less. However, the District also enters into arrangements that are for greater than one year which require accounting for and reporting of a right-to-use subscription asset and liability. These terms range from two to four years in length.

The District's subscription based information technology arrangements contain scheduled annual payments with expiration dates extending through 2026. Payments of the subscription liability are primarily funded by the general fund.

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

Year ending June 30:	Principal	Interest	Total
2024	$ 230,293	$ 9,942	$ 240,235
2025	196,146	5,293	201,439
2026	66,099	1,334	67,433
	$ 492,538	$ 16,569	$ 509,107

Compensated Absences

Under the terms of the District's employment policies, employees are reimbursed for accrued vacation upon retirement or other termination of employment. The reimbursement rate is established by the employment contract and varies by employee classification. In addition, employees are granted sick days per school year, and any unused sick days are permitted to be carried over to future years. Upon retirement from the District, employees are reimbursed for accumulated sick days equal to the number of unused days multiplied by an amount established by the employment contract. The employees are also offered options regarding retirement payouts as prescribed in the contract if certain conditions are met. The total liability for accrued vacation, sick leave and retirement bonuses has been reflected in the Statement of Net Position.

Other Lease Obligations

The District leases computers which are located throughout the District. The related lease agreements qualify as capital leases, and accordingly, these transactions are recorded at the present values of related future, minimum lease payments as of the inception date. All lease-purchase obligations are funded by the General Fund.

Note 8. Long-Term Obligations (Continued)

Other Lease Obligations (Continued)

The assets acquired through capital leases are as follows:

		Amount
Assets		
Computers	$	2,269,199
Less accumulated depreciation		(1,641,847)
Total computers - net book value	$	627,351

The following is a schedule of the future, minimum lease payments due under the lease-purchase obligations as of June 30, 2023:

Years		Amount
2023-2024	$	326,716
2024-2025		150,316
2025-2026		150,316
Total present value of minimum lease payments	$	627,351

Note 9. Defined-Benefit Pension Plan

Plan Description

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

Benefits Provided

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

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

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

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

Note 9. Defined-Benefit Pension Plan (Continued)

Benefits Provided (Continued)

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

Contributions

Member Contributions:

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

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

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

Employer Contributions:

The District's contractually required contribution rate for the fiscal year ended June 30, 2023, was 34.51% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Included in the District's contractually required contribution rate is the Act 5 contribution rate totaling an estimated0.20%.

Note 9. Defined-Benefit Pension Plan (Continued)

Contributions (Continued)

Employer Contributions (Continued):

The District is required to pay the entire contribution and will be reimbursed by the Commonwealth in an amount equal to the Commonwealth's share as determined by the income aid ratio (as defined in Act 29 of 1994), which is at least one-half of the total District's rate. The District's contributions to the Plan, relating to pension benefits, for the year ended June 30, 2023, was $10,004,516, and is equal to the required contribution for the year. For the year ended June 30, 2023, the District recognized gross retirement subsidy revenue from the Commonwealth in the amount of $5,413,289.

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

At June 30, 2023, the District reported a liability of $88,339,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2021 to June 30, 2022. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2023, the District's reported proportion was 0.1987%, which was an decrease of 0.0070% from its proportion reported as of June 30, 2022.

For the year ended June 30, 2023, the District recognized pension expense of $5,504,000. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 40,000	$ 764,000
Changes in assumptions	2,638,000	-
Net difference between projected and actual investment earnings	-	1,498,000
Changes in proportion	-	2,902,000
Difference between employer contributions and proportionate share of total contributions	242,000	-
Contributions subsequent to the measurement date	10,004,000	-
	$ 12,924,000	$ 5,164,000

Note 9. Defined-Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense, Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

$10,004,000 is reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	Total
2024	$ (697,000)
2025	(646,000)
2026	(3,052,000)
2027	2,142,000
2028	9,000
	$ (2,244,000)

Actuarial Assumptions

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

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

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

Investments

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

Note 9. Defined-Benefit Pension Plan (Continued)

Investments (Continued)

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

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

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

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

Discount Rate

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

Note 9. Defined-Benefit Pension Plan (Continued)

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	$ 114,261,000	$ 88,339,000	$ 66,484,000

Pension Plan Fiduciary Net Position

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

Plan Payables

At June 30, 2023, the District reported a payable to PSERS of $3,576,673, which represents the employer contributions owed to the pension plan.

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

Plan Description, Benefit Terms and Funding Policy

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

GROUP	ELIGIBILITY	COVERAGE AND PREMIUM SHARING	DURATION
I. SUPERINTENDENT	Age 57 with 20 years of PSERS service and 15 years of service within DTSD 2020-2021 MOU: Age 53 with 20 years of PSERS service and 15 years of service within DTSD	Coverage: Medical, Prescription Drug, and Vision Premium Sharing: The premium sharing for Medical, Prescription Drug, and Vision coverage is set at 12% (6% if participating in Wellness program) of the previous school year's full COBRA rate for the member and spouse. Dependents: Spouse included (if spouse has no other coverage)	Member -- Coverage is provided until member Medicare age. Spouse -- Coverage is provided until member Medicare age or member death whichever is earlier.
II. ADMINISTRATORS & ACT 93	Age 57 with 20 years of PSERS service and 5 years of service within DTSD	Coverage: Medical, Prescription Drug, and Vision Premium Sharing: The district will pay the full premium for Medical, Prescription Drug, and Vision coverage. Dependents: Spouse included (if spouse has no other coverage)	Same as I
III. TEACHERS UNION	Same as I	Coverage: Medical, Prescription Drug, and Vision Premium Sharing: The premium sharing for Medical and Prescription Drug coverage is set at 12% (6% if participating in Wellness program) of the previous school year's full COBRA rate for the member and spouse. If the member has at least 30 years of service with DTSD then the premium sharing for vision coverage is set at 12% (6% if participating in Wellness program) of the previous school year's full COBRA rate for the member and spouse. Dependents: Spouse included (if spouse has no other coverage)	Same as I
IV. NON PROFESSIONAL UNION	Act 110/43	Act 110/43	Member -- Coverage is provided until member Medicare age. Spouse -- Coverage is provided until member Medicare age, spouse Medicare age, or member death whichever is earlier

Notes:

Act 110/43 Eligibility: All employees are eligible for this benefit upon retirement with 30 years of PSERS service or upon superannuation retirement.

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

PSERS Retirement:

1) Pension Class T-C or T-D: An employee is eligible for PSERS retirement if he (or she) is eligible for either: i) PSERS early retirement while under 62 with 5 years of PSERS Service or ii) PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS service, age 62 with 1 year of PSERS service of 35 years of PSERS service regardless of age. In general, these pension classes apply to individuals who were members of PSERS prior to July 1, 2011.

2) Pension Class T-E or T-F: An employee is eligible for PSERS retirement if he (or she) is eligible for either: i) PSERS early retirement while under 65 with 10 years of PSERS Service or ii) PSERS superannuation retirement upon reaching age 65 with 3 years of PSERS ervice or upon attainment of a total combination of age plus service equal to or greater than 92 with a minimum of 35 years of PSERS service. In general, these pension classes apply to individuals who became members of PSERS on or after July 1, 2011 and prior to July 1, 2019.

3) Pension Class T-G: An employee is eligible for PSERS retirement if he (or she) is eligible for either: i) PSERS early retirement while under 67 with 10 years of PSERS Service or ii) PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 97 with a minimum of 35 years of PSERS service. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.

4) Pension Class T-H: An employee is eligible for PSERS retirement if he (or she) is eligible for either: i) PSERS early retirement while under 67 with 10 years of PSERS Service or ii) PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.

5) All individuals except those in Pension Class T-G are eligible for a special early retirement upon reaching age 55 with 25 years of PSERS service. Individuals in Pension Class T-G are eligible for a special early retirement upon reaching age 57 with 25 years of PSERS service.

Coordination with Medicare: Plan benefits pay secondary to Medicare

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

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefit payments	17
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	408
	425

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

At June 30, 2023, the District reported a liability of $7,430,379 for the total OPEB liability. The total OPEB liability was measured as of July 1, 2022, and was determined by an actuarial valuation as of July 1, 2022. The OPEB liability is composed of the following:

	Amount
Total OPEB Liability, beginning	$ 8,401,391
Changes for the year	
Service cost	632,726
Interest	203,020
Changes of benefit terms	36,120
Differences between expected and actual experience	88,043
Changes in assumptions	(1,691,445)
Estimated benefit payments	(239,476)
Net changes	(971,012)
Total OPEB Liability, ending	$ 7,430,379

For the year ended June 30, 2023, the District recognized OPEB expense of $414,397. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 81,270	$ 950,574
Changes in assumptions	2,886	3,771,358
Benefit payments subsequent to the measurement date	368,277	-
	$ 452,433	$ 4,721,932

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

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

Of the total amount reported as deferred outflows of resources related to OPEB, $368,277 resulting from District benefit payments subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year ending June 30:	Total
2024	$ (457,469)
2025	(457,469)
2026	(457,469)
2027	(457,469)
2028	(457,469)
Thereafter	(2,350,431)
	$ (4,637,776)

Actuarial assumptions

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

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

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

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

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

	1% Decrease 3.06%	Current Discount Rate 4.06%	1% Increase 5.06%
Total OPEB liability	$ 7,960,099	$ 7,430,379	$ 6,928,559

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

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

The following presents the total OPEB liability of the district calculated using the health care cost trend rates of (5.5% decreasing to 3.9%), as well as what the total OPEB liability would be if it were calculated using a health care cost trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	$ 6,713,329	$ 7,430,379	$ 8,264,107

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

Plan Description

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

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

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

- Have 24½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age

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

- Attain Medicare eligibility with 24½ or more eligibility points, or
- Have 15 or more eligibility points and terminated after age 67, and
- Have received all or part of their distributions.

Benefits Provided

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

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

Employer Contributions

The Districts' contractually required contribution rate for the fiscal year ended June 30, 2023, was 0.75% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were $217,427 for the year ended June 30, 2023.

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

At June 30, 2023, the District reported a liability of $3,658,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2021 to June 30, 2022. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2023, the District's reported proportion was 0.1987%, which was a decrease of 0.0068% from its proportion reported as of June 30, 2022.

For the year ended June 30, 2023, the District recognized OPEB expense of $107,600. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 34,000	$ 20,000
Changes in assumptions	406,000	864,000
Net difference between projected and actual investment earnings	10,000	-
Changes in proportion	56,000	156,000
Difference between employer contributions and proportionate share of total contributions	9,200	-
Contributions subsequent to the measurement date	218,000	-
	$ 733,200	$ 1,040,000

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

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

$218,000 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:	Amount
2024	$ (92,100)
2025	(69,600)
2026	(100,700)
2027	(123,600)
2028	(138,800)
	$ (524,800)

Actuarial Assumptions

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

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

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

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

Actuarial Assumptions (Continued)

The following assumptions were used to determine the contribution rate:

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

Investments

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

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

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

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

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

Discount Rate

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

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

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

	1% Decrease 3.09%	Current Discount Rate 4.09%	1% Increase 5.09%
District's proportionate share of the net OPEB liability	$ 4,136,000	$ 3,658,000	$ 3,257,000

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

Most of the system participants receive the full $100 per month. However, for those who receive below that amount, the following presents the impact top the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 3,657,000	$ 3,658,000	$ 3,658,000

OPEB Plan Fiduciary Net Position

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

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

Plan Payables

At June 30, 2023, the District reported a payable to PSERS of $77,731 which represents the employer contributions owed to the OPEB plan.

Note 12. Act 93 Employee Annuity

The District provides all Act 93 employees with a tax-sheltered annuity. The District provides a $0.50 contribution to each $1.00 of employee contribution, up to a maximum District contribution of $2,500. The District contributed $45,935 to the Plan for the year ended June 30, 2023.

Note 13. Risk Management

The policy of the District is to not purchase health and vision insurance for the risks of losses to which it is exposed. Instead, the District's management policy is that it is more economical to manage its risks internally. The District pays all claims for risk of loss which the District is exposed to, including medical, dental, drug and vision claims, which are administered by third parties. The District has purchased stop loss insurance from commercial insurers that will reimburse the District for 100% of all medical claims over $170,000 per year per participant with exceptions. The District will also receive a stop loss reimbursement of 100% for all aggregate medical claims which exceed $9,103,315, adjusted upward based on participation, for the year.

Liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. Liabilities include the amount for claims that have been incurred but not reported. Because of delays between the time a claim is incurred, and it is reported to the District for payment, the estimated liability does not necessarily result in an exact amount. A current net liability has been included in accrued salaries and benefits of the General Fund for claims reported but not paid by June 30, 2023, plus accrued teachers summer benefits, which both amount to $384,720. The current year's asset is due to stop loss reimbursements in excess of incurred but not reported claim amounts at year end. Changes in the District's claims liability (asset) amount for the year ended June 30, 2023, were:

	Amount
Liability (asset) - beginning of year	$ 389,595
Current year claims and changes in estimates	(7,009,119)
Less - claim payments	7,004,244
Liability (asset) - end of year	$ 384,720

The District continues to carry commercial insurance for all other risks of loss, including workers compensation, liability and property and casualty insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 14. Contingent Liabilities

The District is subject to real estate tax assessment appeals on an ongoing basis. If tax appeals are successful, the result is a loss of tax revenue to the District. It is anticipated that any material loss of tax revenue on individual tax appeals will be offset with additional revenues from other properties or other sources of revenue and would not create a financial hardship to the District.

The District is involved in various lawsuits in the normal course of operations. Management cannot predict the outcome of the lawsuits or estimate the amount of any loss that may result. Accordingly, no provision for any contingent liabilities that may result have been made in the financial statements. Management believes that losses resulting from these matters, if any, would be covered under the District's professional liability insurance policy and would not have a material effect on the financial position of the District.

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

Note 15. Subsequent Events

In November 2023, the District issued the General Obligation Bonds, Series of 2023 in the amount of $14,995,000 to finance various capital projects of the District.

REQUIRED SUPPLEMENTARY INFORMATION

DERRY TOWNSHIP SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2023	0.1987%	$ 88,339,000	$ 29,218,061	302.34%	61.34%
2022	0.2057%	$ 84,454,000	$ 29,135,309	289.87%	63.67%
2021	0.2075%	$ 102,171,000	$ 29,160,738	350.37%	54.32%
2020	0.2079%	$ 97,261,000	$ 28,675,998	339.17%	55.66%
2019	0.2057%	$ 98,746,000	$ 27,704,050	356.43%	54.00%
2018	0.2010%	$ 99,271,000	$ 26,765,017	370.90%	51.84%
2017	0.1986%	$ 98,420,000	$ 25,724,950	382.59%	50.14%
2016	0.1945%	$ 84,248,000	$ 25,960,380	324.53%	54.36%
2015	0.1941%	$ 76,826,271	$ 25,071,493	306.43%	57.24%

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

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

DERRY TOWNSHIP SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	$ 10,004,516	$ (10,004,516)	$ -	$ 30,551,809	32.75%
2022	$ 10,183,128	$ (10,183,128)	$ -	$ 29,253,057	34.81%
2021	$ 9,832,087	$ (9,832,087)	$ -	$ 29,192,061	33.68%
2020	$ 9,732,247	$ (9,732,247)	$ -	$ 29,282,177	33.24%
2019	$ 9,341,769	$ (9,341,769)	$ -	$ 28,770,520	32.47%
2018	$ 8,807,160	$ (8,807,160)	$ -	$ 27,758,265	31.73%
2017	$ 7,827,296	$ (7,827,296)	$ -	$ 25,724,950	30.43%
2016	$ 6,490,095	$ (6,490,095)	$ -	$ 25,960,380	25.00%
2015	$ 5,139,656	$ (5,139,656)	$ -	$ 25,071,493	20.50%

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

DERRY TOWNSHIP SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULES OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS -
DISTRICT'S SINGLE EMPLOYER PLAN
For the Fiscal Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	$ 632,726	$ 639,225	$ 723,366	$ 725,598	$ 733,487	$ 740,774
Interest	203,020	159,953	351,487	296,918	319,081	246,678
Changes of benefit terms	36,120	-	-	-	-	-
Differences between expected and actual experience	88,043	-	(473,399)	-	(952,930)	-
Changes in assumptions	(1,691,445)	(248,645)	(2,156,167)	(295,392)	4,691	(238,941)
Benefit payments	(239,476)	(239,002)	(202,912)	(256,866)	(410,001)	(505,336)
Other Changes	-	-	-	-	-	-
Net change in total OPEB liability	(971,012)	311,531	(1,757,625)	470,258	(305,672)	243,175
Total OPEB Liability - beginning	8,401,391	8,089,860	9,847,485	9,377,227	9,682,899	9,439,724
Total OPEB Liability - ending	$ 7,430,379	$ 8,401,391	$ 8,089,860	$ 9,847,485	$ 9,377,227	$ 9,682,899
Covered payroll	$ 27,049,351	$ 26,015,946	$ 26,015,946	$ 24,914,381	$ 24,914,381	$ 24,053,671
Net OPEB liability as a percentage of covered payroll	27.47%	32.29%	31.10%	39.53%	37.64%	40.26%

Notes to Schedule:

For the fiscal year ended June 30, 2023:

Changes in assumptions: The discount rate changed from 2.28% to 4.06%.

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

DERRY TOWNSHIP SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2023	0.1987%	$ 3,658,000	$ 29,218,061	12.52%	6.86%
2022	0.2055%	$ 4,871,000	$ 29,135,309	16.72%	5.30%
2021	0.2078%	$ 4,490,000	$ 29,160,738	15.40%	5.69%
2020	0.2079%	$ 4,422,000	$ 28,675,998	15.42%	5.56%
2019	0.2057%	$ 4,289,000	$ 27,704,050	15.48%	5.56%
2018	0.2010%	$ 4,095,000	$ 26,765,017	15.30%	5.73%

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

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

DERRY TOWNSHIP SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	$ 217,427	$ (217,427)	$ -	$ 30,551,809	0.71%
2022	$ 238,494	$ (238,494)	$ -	$ 29,253,057	0.82%
2021	$ 239,309	$ (239,309)	$ -	$ 29,192,061	0.82%
2020	$ 244,397	$ (244,397)	$ -	$ 29,282,177	0.83%
2019	$ 237,843	$ (237,843)	$ -	$ 28,770,520	0.83%
2018	$ 230,307	$ (230,307)	$ -	$ 27,758,265	0.83%

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

SUPPLEMENTARY INFORMATION

DERRY TOWNSHIP SCHOOL DISTRICT

COMBINING BALANCE SHEET - CAPITAL PROJECTS FUNDS
June 30, 2023

	Capital Projects Fund	Capital Reserve Fund	Total Capital Projects Fund
Assets			
Cash and cash equivalents	$ 1,820,099	$ 3,724,468	$ 5,544,567
Due from other funds	1,340,000	1,468,350	2,808,350
Total assets	$ 3,160,099	$ 5,192,818	$ 8,352,917
Liabilities			
Accounts payable	$ -	$ 2,591	$ 2,591
Due to other funds	-	1,340,000	1,340,000
Total liabilities	-	1,342,591	1,342,591
Fund Balances			
Restricted	3,160,099	3,850,227	7,010,326
Total fund balances	3,160,099	3,850,227	7,010,326
Total liabilities and fund balances	$ 3,160,099	$ 5,192,818	$ 8,352,917

DERRY TOWNSHIP SCHOOL DISTRICT

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

	Capital Projects Fund	Capital Reserve Fund	Total Capital Projects Fund
Revenues			
Local sources	$ 25,688	$ 54,943	$ 80,631
Total revenues	25,688	54,943	80,631
Expenditures			
Support services	-	664,226	664,226
Capital Outlay	-	160,047	160,047
Total expenditures	-	824,273	824,273
Other Financing Sources			
Interfund transfers in	-	1,059,818	1,059,818
Total other financing sources	-	1,059,818	1,059,818
Net changes in fund balances	25,688	290,488	316,176
Fund Balances - July 1, 2022	3,134,411	3,559,739	6,694,150
Fund Balances - June 30, 2023	$ 3,160,099	$ 3,850,227	$ 7,010,326

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

Board of School Directors
Derry Township School District
Hershey, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Derry Township School District (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 10, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

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

Derry Township School District's Response to Findings

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

Purpose of this Report

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



Camp Hill, Pennsylvania
June 10, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of School Directors
Derry Township School District
Hershey, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, the District's complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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



Camp Hill, Pennsylvania
June 10, 2024

DERRY TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year ended June 30, 2023

Section I -- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness (es) identified? ____ Yes __X__ No
- Significant deficiency (ies) identified that is not considered to be a material weakness (es)? __X__ Yes ____ No

Noncompliance material to financial statements noted? ____ Yes __X__ No

Federal Awards

Internal control over major programs:

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

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

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

DERRY TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year ended June 30, 2023

Section I -- Summary of Auditor's Results (Continued)

Identification of the major programs:

CFDA Number(s)	Name of Federal Programs/Cluster
84.425	Elementary & Secondary School Emergency Relief Fund (ARP ESSER)
84.425	Elementary & Secondary School Emergency Relief Fund (ARP) Learning Loss

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

Auditee qualified as low-risk auditee? X Yes ___ No

Section II -- Financial Statement Findings

A. Significant Deficiency(ies) in Internal Control

Finding 2023-001: Untimely Fund Closing

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

Condition: The District staff did not close and reconcile their financial records after year-end on a timely basis.

Questioned Costs: None

Context: Without a timely reconciliation and closing of financial records, the District does not have proper internal controls over financial reporting and increases the risk of incomplete information being presented to decision makers. The reconciliation process also serves as a control function to detect accounting errors, such as missed billings or underpaid revenues, and misappropriation of assets.

Cause: The District had accounting personnel turnover in the business department and the remaining employees did not have capacity or cross-training to meet the financial reporting requirements of the District.

Section II -- Financial Statement Findings Continued)

A. Significant Deficiency(ies) in Internal Control (Continued)

Effect: Extended delays in the closing of financial records impairs the ability of the District to meet its regulatory information filing obligations. It also results in delays in the provision of complete financial information to decision makers.

Repeat Finding: No

Recommendation: We recommend the District fully staff the business to implement detailed monthly closing schedules and reconciliation processes for all funds with oversight reviews.

Management Response: Management has responded to this finding in the Corrective Action Plan that is part of this reporting package.

B. Compliance Findings

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

Section III -- Federal Award Findings and Questioned Costs

A. Significant Deficiency(ies) in Internal Control

There were no findings relating to the Federal awards as required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance.

B. Compliance Findings

There were no findings relating to the Federal awards as required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance.

DERRY TOWNSHIP SCHOOL DISTRICT

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

	Assistance Listing Number	Pass Through Grantor's Number	Grant Period	Program or Annual Award	Total Received (Refunded) for the Year	Accrued or (Deferred) Revenue at July 1, 2022	Revenue Recognized	Expenditures Recognized	Accrued or (Deferred) Revenue June 30, 2023	Provided to Subrecipients
U.S. Department of Education										
Passed through the Pennsylvania Department of Education										
Title I - Grants to Local Educational Agencies	84.010	013-22-0118	21-22	$ 648,322	$ 3,306	$ 3,306	$ -	$ -	$ -	$ -
Title I - Grants to Local Educational Agencies	84.010	013-23-0118	22-23	$ 614,939	369,182	-	614,939	614,939	245,757	-
					372,488	3,306	614,939	614,939	245,757	-
Title II - Supporting Effective Instruction State Grants	84.367	020-22-0118	21-22	$ 124,803	36,133	36,133	-	-	-	-
Title II - Supporting Effective Instruction State Grants	84.367	020-23-0118	22-23	$ 104,572	62,390	-	104,572	104,572	42,182	-
					98,523	36,133	104,572	104,572	42,182	-
Title IV - Student Support and Academic Enrichment Program	84.424	144-22-0118	21-22	$ 44,172	26	26	-	-	-	-
Title IV - Student Support and Academic Enrichment Program	84.424	144-23-0118	21-23	$ 50,871	29,076	-	50,871	50,871	21,795	-
					29,102	26	50,871	50,871	21,795	-
Elementary & Secondary School Emergency Relief Fund (CARES Act)	84.425D	200-21-0118	20-23	$ 2,169,036	50,443	554,870	-	-	504,427	-
Elementary & Secondary School Emergency Relief Fund (ARP) - ESSER III	84.425U	223-21-0118	20-24	$ 4,387,331	79,770	(319,079)	2,161,375	2,161,375	1,762,526	-
Elementary & Secondary School Emergency Relief Fund (ARP) Learning Loss	84.425U	225-21-0118	20-24	$ 340,993	6,200	37,199	209,153	209,153	240,152	
ARP ESSER Homeless Children and Youth	84.425W	181-21-2119	21-24	$ 17,851	458	(915)	-	-	(1,373)	-
Total passed through the Pennsylvania Department of Education					636,984	311,540	3,140,910	3,140,910	2,815,466	-
Passed through the Capital Area Intermediate Unit										
Title III - English Language Acquisition State Grants	84.365	N/A	16-17	N/A	-	-	-	-	-	-
Title III - English Language Acquisition State Grants	84.365	N/A	17-18	N/A	-	-	-	-	-	-
					-	-	-	-	-	-
Special Education Cluster (IDEA)										
Special Education Grants to States	84.027	062-200015	21-22	$ 382,714	-	-	-	-	-	-
Special Education Grants to States	84.027	062-200015	22-23	$ 375,767	375,767	-	375,767	375,767	-	-
					375,767	-	375,767	375,767	-	-
ARP Supplemental IDEA Part B	84.027X		21-23	$ 94,952	69,839	-	69,839	69,839	-	-
Special Education Preschool Grants	84.173	131-200015	21-22	$ 2,330	-	-	-	-	-	-
Special Education Preschool Grants	84.173	131-200015	22-23	$ 3,084	3,084	-	3,084	3,084	-	-
					3,084	-	3,084	3,084	-	-
Total Special Education Cluster passed through the Capital Area Intermediate Unit					448,690	-	448,690	448,690	-	-
Total U.S. Department of Education					1,085,674	311,540	3,589,600	3,589,600	2,815,466	-

(Continued)

DERRY TOWNSHIP SCHOOL DISTRICT

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

	Assistance Listing Number	Pass Through Grantor's Number	Grant Period	Program or Annual Award	Total Received (Refunded) for the Year	Accrued or (Deferred) Revenue at July 1, 2022	Revenue Recognized	Expenditures Recognized	Accrued or (Deferred) Revenue June 30, 2023	Provided to Subrecipients
U.S. Department of Health and Human Services										
Passed through the Pennsylvania Department of Public Welfare										
Medicaid Cluster										
Medical Assistance Program: Title XIX	93.778	N/A	22-23	N/A	49,580	-	49,580	49,580	-	-
Total Medicaid Cluster					49,580	-	49,580	49,580	-	-
Total U.S. Department of Health and Human Services					49,580	-	49,580	49,580	-	-
U.S. Department of Agriculture										
Passed through the Pennsylvania Department of Education										
School Breakfast Program	10.553	N/A	21-22	N/A	44,941	44,941	-	-	-	-
School Breakfast Program	10.553	N/A	22-23	N/A	122,215	-	123,345	123,345	1,130	-
					167,156	44,941	123,345	123,345	1,130	-
National School Lunch Program	10.555	N/A	21-22	N/A	211,558	211,558	-	-	-	-
National School Lunch Program	10.555	N/A	22-23	N/A	525,510	-	527,858	527,858	2,348	-
					737,068	211,558	527,858	527,858	2,348	-
COVID-19 - Supply Chain Assistance	10.555	N/A	21-22	N/A	-	(64,235)	64,235	64,235	-	-
COVID-19 - Supply Chain Assistance	10.555	N/A	22-23	N/A	95,784	-	95,784	95,784	-	-
					95,784	(64,235)	160,019	160,019	-	-
P_EBT Local Admin Funds	10.649	N/A	22-23	N/A	628	-	628	628	-	-
Total passed through the Pennsylvania Department of Education					1,000,636	192,264	811,850	811,850	3,478	-
Passed through the Pennsylvania Department of Agriculture										
National School Lunch Program - Food Donations	10.555	N/A	22-23	N/A	102,757 (a)	(34,328) (b)	102,757	122,406 (c)	(14,679) (d)	-
Total U.S. Department of Agriculture					1,103,393	157,936	914,607	934,256	(11,201)	-
Total Expenditures of Federal Awards					$ 2,238,647	$ 469,476	$ 4,553,787	$ 4,573,436	$ 2,804,265	$ -
Child Nutrition Cluster (Assistance Listing Numbers - 10.553 and 10.555)					$ 1,102,765	$ 157,936	$ 913,979	$ 933,628	$ (11,201)	$ -
Special Education Cluster (Assistance Listing Numbers - 84.027 and 84.173)					$ 448,690	$ -	$ 448,690	$ 448,690	$ -	$ -
Education Stabilization Fund (Assistance Listing Numbers - 84.425					$ 136,871	$ 272,075	$ 2,370,528	$ 2,370,528	$ 2,505,732	$ -

See Notes to Schedule of Expenditures of Federal Awards.

DERRY TOWNSHIP SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

Note 2. Significant Accounting Policies

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

Note 3. Access Program

The ACCESS Program is a medical assistance program that reimburses local education agencies for direct, eligible health-related services provided to enrolled special needs students. ACCESS reimbursements are Federal monies but are classified as fee-for-service revenues and are not considered Federal financial assistance and are not included on the Schedule. The amount of ACCESS funding expended, but not included on the Schedule, for the year ended June 30, 2023, was $49,580.

DERRY TOWNSHIP SCHOOL DISTRICT

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

There were no prior year's audit findings.

DERRY TOWNSHIP SCHOOL DISTRICT, PENNSYLVANIA
Corrective Active Plan
Year Ended June 30, 2023

Finding	Department	Contact Person/Title	Finding Title/Corrective Action	Anticipated Completion Date
2023-001	**Business Office**	**Sheryl Pursel, Business Manager**	**Untimely Fund Closing** To address the untimely fund closing issue, the District will implement a series of corrective measures to strengthen internal controls, ensure timely financial reporting, and prevent recurrence of the issue. The action plan focuses on staffing, training, and oversight. The District will continue to recruit and hire staff to fill vacancies in the Business Office. Once fully staffed, cross-training will be implemented to ensure that all key financial processes are covered by multiple employees. The Monthly Closing schedule will be followed by all Business Office staff to ensure compliance with reporting requirements.	June 2024