

NEW ISSUE - BOOK ENTRY ONLY

RATING: S&P: “_____” (____ Outlook) (Underlying)
(See “RATING” herein)

In the opinion of Bond Counsel, under existing statutes and court decisions, interest on the Bonds is excludable from gross income of the owners thereof for purposes of federal income taxation. This opinion of Bond Counsel is subject to continuing compliance by the School District with the requirements of the Internal Revenue Code of 1986, as amended (the “Code”), and applicable regulations thereunder. In the further opinion of Bond Counsel, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. Bond Counsel is also of the opinion that under the laws of the Commonwealth of Pennsylvania as presently enacted and construed, the Bonds are exempt from personal property taxes in Pennsylvania and the interest on the Bonds is exempt from the Pennsylvania personal income tax and the Pennsylvania corporate net income tax. For further information concerning federal and state tax matters relating to the Bonds, see “TAX EXEMPTION AND OTHER TAX MATTERS” herein.

\$51,595,000*

DALLASTOWN AREA SCHOOL DISTRICT
(York County, Pennsylvania)
General Obligation Bonds, Series of 2025

Bonds Dated: Date of Delivery
Principal Due: April 15, as shown on inside cover
Denomination: Integral multiples of \$5,000

Interest Payable: April 15 and October 15
First Interest Payment: April 15, 2025
Form: DTC Book-Entry Only

Legal Investment for Fiduciaries in Pennsylvania: The Bonds are a legal investment for fiduciaries in the Commonwealth of Pennsylvania under the Probate, Estate and Fiduciaries Code, Act of June 30, 1972, No. 164, P.L. 508 as amended and supplemented.

General: The General Obligation Bonds, Series of 2025 (the “Bonds” or “2025 Bonds”) in the aggregate principal amount of \$51,595,000* are being issued by the Dallastown Area School District (the “School District”), a public school district located in York County, Pennsylvania. The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). Purchases of the Bonds can be made only under the book-entry system of DTC, and purchasers will not receive certificates representing their interests in the Bonds. While DTC, or its nominee Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by Manufacturers and Traders Trust Company, as paying agent, directly to Cede & Co. Disbursement of such payments to the DTC Participants is the responsibility of DTC, and disbursement of such payments to Beneficial Owners of the Bonds is the responsibility of the DTC Participants and the Indirect Participants. See “**BOOK-ENTRY ONLY SYSTEM**” herein. Interest on the Bonds is payable initially on April 15, 2025, and thereafter, semiannually on April 15 and October 15 of each year.

Security: The Bonds are payable from the tax and other general revenues of the School District. The School District has covenanted that it will provide in its budget in each year, and will appropriate from its general revenues in each such year, the amount of the debt service due on the Bonds for such year and will duly and punctually pay or cause to be paid from funds deposited by the School District in the respective sinking funds established under the Resolution adopted by the School District on October 10, 2024, authorizing and securing the Bonds, or from any other of its legally available revenue or funds, the principal of every Bond and the interest thereon at the dates and place and in the manner stated in the Bonds, and for such budgeting, appropriation and payment the School District has irrevocably pledged its full faith, credit and taxing power, which taxing power includes the power to levy *ad valorem* taxes on all taxable property in the School District, within limitations provided by law. (see “**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**”, **APPENDIX A - “TAXING POWERS AND LIMITS**” and “**PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS**” – “**Taxpayer Relief Act (Act 1)**” herein).

Redemption: The Bonds are subject to redemption prior to their stated maturity dates, as described herein.

Proceeds of the Bonds will be used to currently refund the School District’s General Obligation Notes, Series of 2017 and paying the costs and expenses associated with the issuance of the Bonds.

The Bonds are offered for delivery when, as and if issued by the School District and received by the Underwriter, subject to the approving legal opinion of Fox Rothschild LLP, Blue Bell, Pennsylvania, as Bond Counsel to the School District, to be furnished upon delivery of the Bonds. Certain legal matters will be passed upon by Fox Rothschild LLP, Blue Bell, Pennsylvania, as Solicitor for the School District, and for the Underwriter by its limited scope underwriter’s counsel, Eckert Seamans Cherin & Mellott, LLC, Harrisburg, Pennsylvania. It is expected that the Bonds will be available for delivery through the facilities of DTC, on or about January __, 2025.

RAYMOND JAMES®

*Preliminary, subject to change.

This Preliminary Official Statement and the information herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The School District deems this Preliminary Official Statement to be final for the purposes of the Securities and Exchange Commission Rule 15c2-12(b)(1) except for certain information on the cover hereof and certain pages herein which have been omitted in accordance with such Rule and which will be supplied in the final Official Statement.

\$51,595,000*

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(York County, Pennsylvania)
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BOND MATURITY SCHEDULE

(April 15)	Principal	Interest			CUSIP
<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>Numbers ⁽¹⁾</u>
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					

⁽¹⁾The CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the School District or the Underwriter, and such parties are not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of Noteholders and Bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such issue or the use of secondary market financial products. Neither the School District nor the Underwriter has agreed to, and there is no duty or obligation to, update this Preliminary Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

^{*}Preliminary, subject to change.

No dealer, broker, salesman or other person has been authorized by the School District or the Underwriters to give any information or to make any representation, other than that given or made in this Official Statement, and if given or made, any such other information or representation may not be relied upon as having been authorized by the School District or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. This Official Statement has been approved by the School District and, while the information set forth in this Official Statement has been furnished by the School District and other sources which are believed to be reliable, such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriters or, as to information obtained from other sources, by the School District. The information and expressions of opinion set forth in this Official Statement are subject to change without notice and neither the delivery of this Official Statement nor any sale made under this Official Statement shall, under any circumstances, create any implication that the affairs of the School District have remained unchanged since the date of this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER’S MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AND NOTES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE BONDS AND NOTES ARE MADE ONLY BY THE MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT PURSUANT TO ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

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SUMMARY PAGE

This Summary Statement is subject in all respects to more complete information in this Official Statement. No person is authorized to detach this Summary Statement from this Official Statement or otherwise use it without the entire Official Statement. A full review of the entire Official Statement should be made by potential Bond purchasers.

Issuer	Dallastown Area School District, York County, Pennsylvania (the “School District”).
Bonds	The General Obligation Bonds, Series of 2025 in the principal amount of \$51,595,000* (the “Bonds”), dated as of the date of delivery, maturing on April 15, ____ through April 15, ____. Interest on the Bonds shall be payable semiannually on April 15 and October 15. See “ DESCRIPTION OF THE BONDS ” herein.
Optional Redemption	The Bonds stated to mature on or after April 15, ____, are subject to redemption prior to maturity at the option of the School District in whole or, from time to time, in part, in any order of maturities as the School District shall select, on any date or dates on or after April 15, ____, at a price equal to 100% of the principal amount of the Bonds to be redeemed plus accrued interest thereon to the date fixed for such optional redemption.
Form	Book-Entry Only.
Application of Proceeds	The Bonds will be used to currently refund the School District’s General Obligation Notes, Series of 2017 and paying the costs and expenses associated with the issuance of the Bonds.
Security	The Bonds are general obligations of the School District, for the payment of which the School District has pledged its full faith, credit and taxing power.
Ratings	S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”) has assigned the School District an underlying rating of “__” (__ outlook). (See “ RATING ” herein.)
Continuing Disclosure Undertaking	The School District has agreed to provide, or cause to be provided, in a timely manner, certain information in accordance with the requirements of Rule 15c2-12, as promulgated under the Securities Exchange Act of 1934, as amended and interpreted (the “Rule”). (See “ CONTINUING DISCLOSURE UNDERTAKING ” and “ APPENDIX D – FORM OF CONTINUING DISCLOSURE CERTIFICATE – for the filing deadline see “SECTION 3. Filing of Annual Reports” herein.)

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DALLASTOWN AREA SCHOOL DISTRICT
(York County, Pennsylvania)
700 New School Lane
Dallastown, Pennsylvania 17313

BOARD OF SCHOOL DIRECTORS

Anthony J. Pantano	President
Steven A. Kopelic	Vice President
Lisa B. Little	(Non-Voting Member) Secretary
Kurt Rohrbaugh	(Non-Voting Member) Treasurer
Dina M. Aubel.....	Member
Steven C. Bentzel	Member
Karl E. Dotterweich	Member
Albert C. Granholm.....	Member
Sarah B. Hostler	Member
Eric R. Pierce.....	Member
Scott A. Wingard.....	Member

SCHOOL ADMINISTRATION

Dr. Joshua A. Doll.....	Superintendent
Kurt Rohrbaugh.....	Director of Business Operations

BOND COUNSEL/SOLICITOR

Fox Rothschild LLP
Blue Bell, Pennsylvania

UNDERWRITER

Raymond James & Associates, Inc.
Lancaster, Pennsylvania

LIMITED SCOPE UNDERWRITER'S COUNSEL

Eckert Seamans Cherin & Mellott, LLC
Harrisburg, Pennsylvania

PAYING AGENT

Manufacturers and Traders Trust Company
Harrisburg, Pennsylvania

OFFICIAL STATEMENT

\$51,595,000*

DALLASTOWN AREA SCHOOL DISTRICT

(York County, Pennsylvania)

General Obligation Bonds, Series of 2025

INTRODUCTION

This Official Statement is furnished by the Dallastown Area School District (the "School District"), a public school district located in York County, Pennsylvania, in connection with the offering of its General Obligation Bonds, Series of 2025 (the "Bonds") in the aggregate principal amount of \$51,595,000*, to be dated their date of delivery (the "Delivery Date") when the Bonds are issued and delivered to DTC (described below) or its agent. The Bonds are general obligations of the School District, which are secured by a parity pledge of its full faith, credit and taxing power to pay the principal of and interest due on the Bonds.

The Bonds are being issued pursuant to, and are secured by, a Resolution adopted by the Board of School Directors of the School District on October 10, 2024 (the "Resolution"), in accordance with the laws of the Commonwealth of Pennsylvania (the "Commonwealth" or "State"), including the Local Government Unit Debt Act, 53 Pa.C.S. Chs. 80-82 (the "Debt Act"). Copies of the Resolution may be obtained from the School District.

The Bonds shall be issued in fully registered form, without certificates or coupons, in the denomination of \$5,000 principal amount and integral multiples thereof. Interest on the Bonds is payable semiannually on April 15 and October 15 of each year, commencing April 15, 2025. Interest on any Bond is payable to the Beneficial Owner as of the applicable Record Date (defined below). The interest on and principal of the Bonds is payable by the School District to Manufacturers and Traders Trust Company (the "Paying Agent"), serving as paying agent and sinking fund depository, for transfer to DTC. When issued, the Bonds will be registered in the name of Cede & Co., as nominee for the Depository Trust Company ("DTC"), New York, New York. Purchasers of the Bonds (the "Beneficial Owners") will not receive any bond certificates, and beneficial ownership of the Bonds will be evidenced only by electronic book entries. See "BOOK-ENTRY ONLY SYSTEM" herein.

The information which follows contains summaries of the Resolution, the Bonds, the Debt Act, Act 1 (herein defined) and other laws, the School District's Budget and its Financial Statements. Such summaries do not purport to be complete, and reference is made to such documents and laws in their entirety, copies of which are on file and available for examination at the offices of the School District.

Neither the delivery of the Official Statement nor any sale of the Bonds made hereunder shall, under any circumstances, create an implication that there have been no changes in the affairs of the School District, or in the communities or areas in or about the School District, since the date of the Official Statement of the earliest date as of which certain information contained herein is given.

PURPOSE OF THE ISSUE

Proceeds of the Bonds will be used to currently refund the School District's General Obligation Notes, Series of 2017 currently outstanding in the aggregate amount of \$54,160,000 (the "2017 Notes") and paying the costs and expenses associated with the issuance of the Bonds.

SOURCES AND USES OF FUNDS

	<u>Total</u>
<u>Sources of Funds</u>	
Proceeds of the Bonds.....	
Net Original Issue Premium [Discount].....	
Total Sources of Funds	
<u>Uses of Funds</u>	
Cash Deposit.....	
SLGS Purchases.....	
Costs of Issuance ⁽¹⁾	
Total Uses of Funds	

⁽¹⁾ Includes legal fees, underwriter's discount, paying agent fees, rating fee, CUSIP, printing and miscellaneous fees.

*Preliminary, subject to change.

DESCRIPTION OF THE BONDS

The Bonds will be issued in book-entry form, in denominations of \$5,000 principal amount and integral multiples thereof. The Bonds will bear interest from the Delivery Date at the rates and mature in the amounts and on the dates set forth on the inside front cover of this Official Statement. Interest on the Bonds will be payable initially on April 15, 2025, and thereafter, semiannually on April 15 and October 15 of each year until the maturity date of such Bond or, if such Bond is subject to redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for.

When issued, the Bonds will be registered in the name of Cede & Co., as partnership nominee for The Depository Trust Company (“DTC”), New York, New York. Purchasers of the Bonds (the “Beneficial Owners”) will not receive any physical delivery of bond certificates, and beneficial ownership of the Bonds will be evidenced only by book entries. See “BOOK-ENTRY ONLY SYSTEM” herein.

Payment of Principal and Interest

So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, payments of principal of and interest on the Bonds, when due, are to be made to DTC and all such payments shall be valid and effective to satisfy fully and to discharge the obligations of the School District with respect to, and to the extent of, principal and interest so paid. If the use of the book-entry only system for the Bonds is discontinued for any reason, bond certificates will be issued to the Beneficial Owners of the Bonds and payment of principal and interest on the Bonds shall be made as described in the following paragraphs.

The principal of any certificated Bonds, when due upon maturity or any earlier mandatory or optional redemption, will be paid to the registered owners of such Bonds, or registered assigns, upon surrender of such Bonds to the Paying Agent at its designated corporate trust office (or to any successor paying agent at its designated office(s)).

Interest on any certificated Bonds will be payable to the registered owner of such a Bond from the interest payment date next preceding the date of registration and authentication of the Bond, unless: (a) such Bond is registered and authenticated as of an interest payment date, in which event such Bond shall bear interest from said interest payment date, or (b) such Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event such Bond shall bear interest from such interest payment date, or (c) such Bond is registered and authenticated on or prior to the Record Date preceding, April 15, 2025, in which event such Bond shall bear interest from the Delivery Date, or (d) as shown by the records of the Paying Agent, interest on such Bond shall be in default, in which event such Bond shall bear interest from the date to which interest was last paid on such Bond. Interest on a certificated Bond will be payable by check drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the first (1st) day of the month (whether or not a day on which the Paying Agent is open for business) next preceding each interest payment date (the “Record Date”), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of such Bond subsequent to such Record Date and prior to such interest payment date, unless the School District shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name the Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owners of such Bonds not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the persons in whose names such certificated Bonds are registered at the close of business on the fifth (5th) day preceding the date of mailing.

If the date for payment of the principal of or interest on any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth are authorized or required by law or executive order to close, then the date for payment of such principal or interest shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized or required to close, and payment on such date shall have the same force and effect as if made on the nominal date established for such payment.

Transfer, Exchange and Registration of Certificated Bonds

Subject to the provisions herein under “BOOK-ENTRY ONLY SYSTEM”, any certificated Bonds are transferable or exchangeable by the registered owners thereof upon surrender of such Bonds to the Paying Agent, accompanied by a written instrument or instruments in form, with instructions and with guaranty of signature satisfactory to the Paying Agent, duly executed by the registered owner of such Bond or his attorney-in-fact or legal representative. The Paying Agent shall enter any transfer of ownership of such Bonds in the registration books and shall authenticate and deliver in the name of the transferee or transferees a new fully registered and certificated bond or bonds of authorized denominations of the same, maturity and interest rate for the aggregate principal amount that the registered owner is entitled to receive. The School District and the Paying Agent may deem and treat the registered owner of any certificated Bond as the absolute owner thereof (whether such Bond shall be overdue) for the purpose of receiving payment of or on account of principal and interest and for all other purposes, and the School District and the Paying Agent shall not be affected by any notice to the contrary.

The School District and the Paying Agent shall not be required: (a) to register the transfer of or exchange any certificated Bonds then considered for redemption during a period beginning at the close of business on the fifteenth (15th) day next preceding any date of selection of such Bonds to be redeemed and ending at the close of business on the day of mailing of the applicable notice of redemption; or (b) to register the transfer of or exchange any portion of any certificated Bond selected for redemption until after the redemption date. Certificated Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same series, maturity, and interest rate.

REDEMPTION OF BONDS

Mandatory Sinking Fund Redemptions

The Bonds stated to mature on _____ and _____ are subject to mandatory redemption in part, as drawn by lot by the Paying Agent, prior to the stated maturity date, by application of money available for such purposes in the Sinking Fund established under the Bond Resolution, upon payment of the principal amount thereof, together with accrued interest, to the date fixed for redemption or upon maturity, as applicable, on April 15th of the following years and in the following principal amounts:

<u>Year</u>	<u>Amount</u>
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Optional Redemption

The Bonds maturing on and after April 15, _____, are subject to redemption prior to maturity at the option of the School District, in whole or in part, in any order of maturities as the School District shall select, on any date on or after April 15, _____, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus accrued interest thereon to the date fixed for such optional redemption. In the event that less than all Bonds of a particular maturity are to be redeemed, the Bonds of such maturity shall be drawn by lot by the Paying Agent.

Notice of Redemption

So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, however, the School District and the Paying Agent shall send redemption notices only to Cede & Co. See "BOOK-ENTRY ONLY SYSTEM" herein for further information regarding conveyance of notices and Beneficial Owners.

Notice of any redemption shall be given by depositing a copy of the redemption notice in first class mail not more than forty-five (45) days and not less than thirty (30) days prior to the date fixed for redemption, addressed to each of the registered owners of any certificated Bonds to be redeemed, at the addresses shown on the registration books kept by the Paying Agent as of the date such Bonds are selected for redemption; provided, however, that failure to give such notice by mailing, or any defect therein or in the mailing thereof, shall not affect the validity of any proceeding for redemption of other Bonds so called for redemption as to which proper notice has been given.

On the date designated for redemption, notice having been provided as aforesaid, and money for payment of the principal and interest being held by the Paying Agent, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and such Bonds or portions thereof shall cease to be entitled to any benefit or security under the Resolution, and registered owners of such Bonds or portions thereof so called for redemption shall have no rights with respect thereto, except to receive payment of the principal to be redeemed and accrued interest thereon to the date fixed for redemption.

The notice of redemption may state that it is conditional, *i.e.*, that it is subject to the deposit of sufficient redemption money with the Paying Agent or other escrow agent on the redemption date in sufficient time to effectuate the redemption of Bonds. If, after issuing a notice of redemption, the School District is unable or otherwise fails to deposit with the Paying Agent (or other bank or depository acting as refunding escrow agent) money sufficient to redeem the Bonds called for redemption, such notice may be withdrawn or be of no effect until such money is so deposited.

Manner of Redemption

So long as Cede & Co., nominee of DTC, is the registered owner of the Bonds, however, payment of the redemption price shall be made by Cede & Co. in accordance with the existing arrangements by and among the School District, the Paying Agent and DTC and, if less than all of the Bonds in a particular maturity are to be redeemed, the amount of the interest of each DTC Participant, Indirect Participant and Beneficial Owner on such Bonds to be redeemed shall be determined by the governing arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. See "BOOK-ENTRY ONLY SYSTEM" herein for further information regarding redemption of Bonds registered in the name of Cede & Co.

If a Bond is of a denomination larger than \$5,000, a portion of such Bond may be redeemed. For the purposes of redemption, a Bond shall be treated as representing the number of Bonds that is equal to the principal amount thereof divided by \$5,000, each \$5,000 portion of such Bond being subject to redemption. In the case of partial redemption of a certificated Bond, payment of the redemption price shall be made only upon surrender of such Bond in exchange for certificated Bonds of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the principal amount thereof.

If the redemption date for any Bonds shall be a Saturday, Sunday, legal holiday or on a day on which banking institutions in the Commonwealth are authorized or required by law or executive order to close, then the date for payment of such principal, premium, if any, and interest upon such redemption shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized or required to close, and payment on such date shall have the same force and effect as if made on the nominal date of redemption.

If any maturity of the Bonds which is subject to mandatory sinking fund redemption shall be called for optional redemption in part, the School District shall be entitled to designate whether the principal amount redeemed is to be credited against the principal amount of the Bonds

of such maturity required to be called for mandatory sinking fund redemption on any particular future date or dates, or shall be credited against the principal amount of such Bonds to be due and payable at stated maturity, in each case in a whole multiple of \$5,000 principal amount.

BOOK-ENTRY ONLY SYSTEM

The information in this section has been obtained from materials provided by DTC for such purpose. The School District (herein referred to as the "Issuer") and the Underwriter do not guaranty the accuracy or completeness of such information, and such information is not to be construed as a representation of the School District or the Underwriter

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for each series of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC.

DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The Ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and redemption payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

NEITHER THE SCHOOL DISTRICT NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DTC PARTICIPANT, INDIRECT PARTICIPANT OR BENEFICIAL OWNER OR ANY OTHER PERSON WITH RESPECT TO: (1) THE BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS; (4) THE DELIVERY TO ANY BENEFICIAL OWNER BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN TO BONDHOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (6) ANY OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

The School District and the Paying Agent cannot give any assurances that DTC or the Participants will distribute payments of the principal or redemption price of and interest on the Bonds paid to DTC or its nominee, as the registered owner of the Bonds, or any redemption or other notices, to the Beneficial Owners or that they will do so on a timely basis, or that DTC will serve and act in the manner described in this Official Statement.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General Obligation Pledge

The Bonds are general obligations of the School District, payable from its local taxes and other general revenues, including available state subsidies, on a parity basis with each other, and other existing or future general obligation debt of the School District. The taxing powers of the School District are described more fully in **APPENDIX A – TAXING POWERS AND LIMITS**. The School District has covenanted in the Resolution that it will include in its budget for each fiscal year, and will appropriate in each such year, the amount of the debt service due on the Bonds for such year and will duly and punctually pay, or cause to be paid, the principal of every Bond and the interest thereon on the dates, at the place and in the manner stated in the Bonds, and for such budgeting, appropriation and payment, the School District has irrevocably pledged its full faith, credit and taxing power.

Actions in the Event of Default on the Bonds

In the event of a failure by the School District to pay or cause to be paid the interest on or principal of the Bonds, as the same becomes due and payable, the holders of the Bonds shall be entitled to remedies specified by the Debt Act. Among the remedies, if the failure to pay shall continue for 30 days, holders of the Bonds shall have the right to recover the amount due by bringing an action in assumpsit in the Court of Common Pleas of the county in which the School District is located. The Debt Act provides any judgment shall have an appropriate priority upon the funds next coming into the treasury of the School District. The Debt Act also provides that upon a default of at least 30 days, holders of at least 25% of the Bonds may appoint a trustee to represent them. The Debt Act provides certain other remedies in the event of default, and further qualifies the remedies hereinbefore described.

Sinking Fund

Under the Resolution, the School District has created a "Sinking Fund - General Obligation Bonds, Series of 2025" (the "Sinking Fund Depository") as required by the Debt Act and segregated from all other funds of the School District. The School District shall deposit in the respective Sinking Funds, not later than the date when principal or interest is to become due on the Bonds, an amount sufficient to provide for the payment of interest and principal becoming due on the Bonds.

The Sinking Fund shall be held by the Sinking Fund Depository and invested by the Sinking Fund Depository in such securities as are authorized by the Debt Act, upon direction of the School District. Such deposits and securities shall be in the name of the School District but subject

to withdrawal or collection only by the Sinking Fund Depository, and such deposits and securities, together with the interest thereon, shall be a part of the Sinking Funds.

The Paying Agent is authorized and directed to pay from the Sinking Fund the principal of and interest on the respective Bonds when due and payable.

Commonwealth Enforcement of Debt Service Payments

Section 633 of the Pennsylvania Public School Code of 1949, as amended by Act 150 of 1975, and as further amended and supplemented (the “Public School Code”), provides that in all cases where the board of school directors of any school district fails to pay or to provide for the payment of any indebtedness on the date of maturity or date of mandatory redemption or on any sinking fund deposit date, or any interest due on such indebtedness on any interest payment date or on any sinking fund deposit date, in accordance with the schedule under which the bonds were issued, the Secretary of Education of the Pennsylvania Department of Education (“PDE”) shall notify such board of school directors of its obligation and shall withhold out of any Commonwealth appropriation due such school district an amount equal to the sum of the principal amount maturing or subject to mandatory redemption and interest owing by such school district, or sinking fund deposit due by such school district, and shall pay over the amount so withheld to the bank or other person acting as sinking fund depository for such Bond issue. These withholding provisions are not part of any contract with the holders of the Bonds, and may be amended or repealed by future legislation.

The effectiveness of Section 633 of the Public School Code may be limited by the application of other withholding provisions contained in the Public School Code, such as provisions for withholding and paying over of appropriations for payment of unpaid teachers’ salaries. In addition, enforcement may also be limited by bankruptcy, insolvency, or other laws or equitable principles affecting the enforcement of creditors’ rights generally. See “**Pennsylvania Budget Adoption**” herein.

Pennsylvania Budget Adoption Impasses

The Commonwealth’s fiscal year begins on July 1. The budgets for the 2018-19 and the 2019-20 fiscal years were adopted timely. Due to the uncertainty of funding and expenditures caused by the COVID-19 pandemic, on May 29, 2020, the Governor approved a five-month stopgap budget for fiscal year 2020-21. This budget provided five months of flat funding for most state programs and a full twelve months of flat funding for public education. On November 20, 2020, the General Assembly passed Senate Bill 1350 and House Bill 2536, which included the 2020-21 Supplemental Budget to fund the Commonwealth through the remaining seven-months of fiscal year 2020-21. The legislation was sent to the Governor’s desk for approval and on November 23, 2020, the Governor approved the 2020-21 Supplemental Budget, which included mostly flat funding for public education similar to the stopgap budget adopted for the first five months of the 2020-21 fiscal year.

The Governor signed the state’s 2021-2022 fiscal year budget on June 30, 2021. The budget included an increase of \$300 million for basic education, with \$100 million of that targeted to the 100 historically underfunded school districts that included districts in both urban and rural areas of the Commonwealth. Special education received a \$50 million increase, boosting that budget line to \$1.24 billion, while preschool and Head Start programs received a \$30 million increase, to \$311.5 million. All told, funding for K-12 schools reached a record high of \$13.55 billion in the 2021-22 budget.

After a week’s delay and intense negotiations, the \$45.2 billion budget for Pennsylvania’s 2022-23 fiscal year was signed by Governor Tom Wolf on July 8, 2022. The 2022-23 enacted budget included \$7,625,124,000 for the basic education funding appropriation and \$225,000,000 to supplement those school districts with a higher at risk student population. The total amount allocated for education included a \$767,820,000 (10.83%) increase over the 2021-2022 fiscal year appropriation.

After over a month delay, a \$45.5 billion budget for the state’s 2023-24 fiscal year was signed by Governor Josh Shapiro on August 3, 2023, which included \$8.4 billion for the basic education funding appropriation. The total amount included a \$796.6 million (10.45%) increase over the 2022-23 fiscal year appropriation. The budget also provided \$50 million in additional aid to school districts for special education services for a total of \$1.3 billion. Certain funds authorized within the 2023-24 Budget required companion implementation language amending the Fiscal Code to be fully implemented. On December 13, 2023 multiple code bills were passed finalizing the 2023-24 Budget for education.

After a two week delay, a \$47.6 billion budget for the state’s 2024-25 fiscal year was signed by Governor Josh Shapiro on July 11, 2024, which included an increase of \$1.11 billion for K-12 education funding. The total basic education funding appropriation is \$8,157,444,000 which is a 3.62% increase over the 2023-24 enacted fiscal year appropriation. Also, the budget provides for \$100 million increase in additional aid to school districts for special education services.

During a state budget impasse, school districts in the Commonwealth cannot be certain that state subsidies and revenues owed them from the Commonwealth will become available. This includes many of the major state subsidies, and overall revenues, that a Pennsylvania school district receives including basic education funding, special education funding, PlanCon reimbursements, and certain block grants, among many others. **Future budget impasses may affect the timeliness or amount of payments by the Commonwealth under the withholding provisions of Section 633 of the Public School Code. Act 85 of 2016 was adopted to address the timeliness of the withholding provisions of Section 633 of the Public School Code during any future budget impasses. See “Act 85 of 2016” below.**

Act 85 of 2016 (State Subsidy Intercept During a Budget Impasse)

On July 13, 2016, the Governor of the Commonwealth signed into law Act No. 85 of 2016, (P.L. 664, No. 85) ("Act 85 of 2016"), an amendment to the Act of April 9, 1929 (P.L. 343, No. 176), known as the Fiscal Code ("Fiscal Code"). Act 85 of 2016 adds to the Fiscal Code Article XVII-E.4, entitled "School District Intercepts for the Payment of Debt Service During Budget Impasse", which provides for intercept of subsidy payments by PDE otherwise due a school district that is subject to an intercept statute or an intercept agreement, in the event of a Commonwealth budget impasse in any fiscal year.

Act 85 of 2016 includes in the definition of "intercept statutes" Sections 633 of the Public School Code. The School District's general obligation debt, including the Bonds, are subject to Section 633 of the Public School Code.

Act 85 of 2016 provides that the amounts as may be necessary for PDE to comply with the provisions of the applicable intercept statute or intercept agreement "shall be appropriated" to PDE from the General Fund of the Commonwealth after PDE submits justification to the majority and minority chairs of the appropriations committees of the Pennsylvania Senate and House of Representatives allowing ten (10) calendar days for their review and comment, if, in any fiscal year:

- (1) annual appropriations for payment of Commonwealth money to school districts have not been enacted by July 1 and continue not to be enacted when a payment is due;
- (2) the conditions under which PDE is required to comply with an intercept statute or intercept agreement have occurred, thereby requiring PDE to withhold payments which would otherwise be due to school districts; and
- (3) the Secretary of PDE, in consultation with the Secretary of the Budget, determines that there are no payments or allocations due to be paid to the applicable school districts from which PDE may withhold money as required by the applicable intercept statute or intercept agreement.

The necessary amounts shall be appropriated on the expiration of the tenth (10th) day following submission of the justification described above to the majority and minority chairs of the appropriations committees, who may comment on the justification but cannot prevent the effectiveness of the appropriation.

The total of all intercept payments under Article XVII-E.4 of Act 85 of 2016 for a school district may not exceed 50% of the total nonfederal general fund subsidy payments made to that school district in the prior fiscal year.

Act 85 of 2016 requires that each school district subject to an intercept statute or intercept agreement must deliver to PDE, in the format PDE directs, information pertaining to each eligible borrowing within thirty (30) days of receipt of the proceeds of the obligations. The School District intends to submit this information to PDE within the prescribed timeframe following the issuance of the Bonds. Act 85 of 2016 provides that any obligation for which PDE does not receive the required documents shall not be subject to the applicable intercept statute or intercept agreement.

The provisions of Act 85 of 2016 are not part of any contract with the holders of the Bonds and may be amended or repealed by future legislation.

BONDHOLDER CONSIDERATIONS

The Bonds, like all investment securities, carry a risk of loss of the investment, in whole or in part. This Official Statement does not purport to describe all of the risks of an investment in the Bonds; both the School District and the Underwriter disclaim any responsibility to advise prospective investors of such risks either as they may exist at the date of dissemination of this Official Statement or as they may appear or change from time to time in the future. Prospective purchasers of the Bonds should consult their own legal and tax advisors as to the risks associated with an investment in the Bonds, their ability to bear a loss from an investment in the Bonds and the suitability of investing in the Bonds, in light of their particular, individual circumstances. Prospective purchasers should carefully consider the matters described below, as well as all the information contained within this entire official Statement inclusive of its Appendices.

Cybersecurity

The School District, like other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the School District may be the subject of cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized remote access to the School District's systems for the purposes of misappropriating assets or information or causing operational disruption or damage, or demanding ransom for restored access to files or information. The School District has never had a material cyber breach or a cyber breach that resulted in a financial loss. No assurance can be given that the School District's current efforts to manage cyber threats and security will, in all cases, be successful. The School District cannot predict what future cyber security events may occur and what impact said events could have on its operations or finances. In addition to the various processes in place to safeguard against cyber security attacks, the School District also maintains a comprehensive insurance policy which includes privacy liability, cyber incident response, data breach, network security, internet media and network extortion coverages.

The School District relies on other entities and service providers in the course of operating the School District, including its accountants, attorneys, the trustee, and banks, as well as vendors with respect to outsourced critical digital network operations and functions. No assurance can be given that future cyber threats and attacks against other third party entities or service providers will not impact the School District and the s, including the possibility of impacting the timely payments of debt service on the Bonds or timely filings pursuant to the Continuing Disclosure Certificate.

Climate Change

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. The School District cannot predict the timing, extent, or severity of climate change and its impact on its operations and finances. The School District has not experienced increases in extreme weather events, but has established reserves to address severe weather disasters and maintains a comprehensive insurance policy.

Risk of Audit by Internal Revenue Service

The Internal Revenue Service has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Internal Revenue Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Internal Revenue Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the School District as the taxpayer and Bond purchasers may have no right to participate in such procedure. None of the School District, the Underwriter or Bond Counsel is obligated to defend the tax-exempt status of the Bonds on behalf of the Bond purchasers, nor to pay or reimburse the cost of any Bond purchaser with respect to any audit or litigation relating to the Bonds. See “**TAX EXEMPTION AND OTHER TAX MATTERS**” herein.

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirement of Rule 15-c2-12 (the “Rule”) of the United States Securities and Exchange Commission (the “SEC”), the School District (being an “obligated person” with respect to the Bonds, within the meaning of the Rule), will agree to provide certain financial information and operating data to the Municipal Securities Rulemaking Board (the “MSRB”) in an electronic format as prescribed by the MSRB, either directly, or indirectly through a designated agent, as set forth in its Continuing Disclosure Certificate substantially in the form attached hereto as Appendix D.

With respect to the filing of annual financial information and operating data, the School District reserves the right to modify from time to time the specific types of information and data provided or the format of the presentation of such information to the extent necessary or appropriate as a result of a change in legal requirements or a change in the nature of the School District or its operations or financial reporting, but the School District will agree that any such modification will be done in a manner consistent with the Rule.

The School District is required to give notice of certain events as set forth in the Continuing Disclosure Certificate (not all of which will be relevant to the School District). The School District may from time to time choose to file notice of other events in addition to those specified in the Continuing Disclosure Certificate.

The School District acknowledges that its undertaking pursuant to the Rule described herein and in the Continuing Disclosure Certificate is intended to be for the benefit of the holders and beneficial owners of the Bonds and shall be enforceable by the holder and beneficial owner of the Bonds, but the right of the holders and beneficial owners of the Bonds to enforce the provisions of the School District’s continuing disclosure undertaking shall be limited to a right to obtain specific enforcement, and any failure by the School District to comply with the provisions of the undertaking shall not be an event of default with respect to the Bonds.

The School District’s obligations with respect to continuing disclosure described herein shall terminate upon the prior defeasance, redemption or payment in full of all of the Bonds or if and when the School District is no longer an “obligated person” with respect to the Bonds, within the meaning of the Rule.

The MSRB has been designated by the SEC to be the central and sole repository for continuing disclosure information filed by issuers of municipal securities since July 1, 2009. Information and notices filed by municipal issuers (and other defined “obligated persons”) with respect to municipal securities issues) are made available through the MSRB’s Electronic Municipal Market Access (EMMA) System, which may be accessed on the internet at <http://www.emma.msrb.org>.

The School District has previously entered into Continuing Disclosure Agreements with respect to each one of its previously issued bond issues that are currently outstanding. The School District’s filing history of its annual financial and operating information during the past five (5) years is outlined in the following table.

Fiscal Year	Filing Due Date	Filing Date:		
		Audit	Operating Data	Budget
6/30/2023	3/26/2024	9/25/2024 ⁽¹⁾	9/25/2024 ⁽¹⁾	9/25/2024 ⁽¹⁾
6/30/2022	3/27/2023	12/13/2022	12/13/2022	12/13/2022
6/30/2021	3/27/2022	12/21/2021	11/12/2021	11/12/2021
6/30/2020	12/27/2020	11/19/2020	11/19/2020	11/19/2020
6/30/2019	12/27/2019	11/25/2019	11/25/2019	11/25/2019

⁽¹⁾The School District failed to timely file its annual financial information and operating data, but subsequently filed to EMMA, along with a “Failure to Timely File Notice”.

The School District has reasonable procedures in place designed to ensure ongoing timely filings of its material continuing disclosure requirements.

NO LITIGATION

At the time of settlement, the School District will deliver a certificate stating to the knowledge of the School District there is no litigation pending with respect to the Bonds, the Resolution or the right of the School District to issue the Bonds and there is no litigation which would materially affect the School District’s financial condition.

TAX EXEMPTION AND OTHER TAX MATTERS

Certain Federal Income Tax Matters

On the date of delivery of the Bonds, Fox Rothschild LLP (“Bond Counsel”) will issue an opinion to the effect that under existing statutes and court decisions as of the date of initial delivery of the Bonds, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes under Section 103 of the Code, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion of Bond Counsel will assume the accuracy of certifications made by the School District and will be subject to the condition that the School District complies with all requirements of the Code. Failure to comply with such requirements could cause the interest on the Bonds to be included in gross income prospectively and/or retroactively to the date of issuance of the Bonds.

Notwithstanding the general exclusion of interest on the Bonds from gross income and the exemption of the Bonds and the interest thereon from certain taxes, ownership of the Bonds may result in certain other federal income tax consequences to certain taxpayers, including, without limitation, certain foreign corporations doing business in the United States that are subject to the branch profits tax imposed by the Code, financial institutions, property and casualty insurance companies, certain subchapter S corporations with substantial passive income and Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers otherwise eligible for the earned income credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Bonds. Bond Counsel will express no opinion as to such other tax consequences, and prospective purchasers of the Bonds should consult their tax advisors as to all matters relating to the acquisition, ownership and disposition of the Bonds.

The initial public offering price of the Bonds of certain maturities may be greater than the amount payable on such Bonds at maturity. Bond Counsel expresses no opinion herein with respect to the treatment of such excess of offering price over amounts payable at maturity (“original issue premium”). Investors should seek advice thereon from their own tax advisor.

The initial public offering price of the Bonds of certain maturities may be less than the amount payable at maturity. The difference between the initial public offering price and the amount payable at maturity constitutes “original issue discount.” Bond Counsel is of the opinion that the appropriate portion of such original issue discount allocable to the original and each subsequent holder will, upon sale, exchange, redemption, or payment at maturity, be treated as interest and excluded from gross income for federal income tax purposes to the same extent as the stated interest on the Bonds.

Certain Pennsylvania Tax Matters

On the date of delivery of the Bonds, Bond Counsel will issue an opinion to the effect that, under the laws of the Commonwealth as enacted and construed as of the date of initial delivery of the Bonds, interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax. The Bonds and the interest thereon may be subject to state or local taxes in jurisdictions other than the Commonwealth under applicable state or local tax laws. Bond Counsel will express no other opinion regarding other tax consequences with respect to the Bonds, including whether or not interest on the Bonds is subject to taxation under the laws of any jurisdiction other than the Commonwealth.

Changes in Federal and State Tax Law

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed.

In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

LEGAL OPINIONS

The issuance of the Bonds is subject to the approving legal opinion of Fox Rothschild LLP, in Blue Bell, Pennsylvania, as Bond Counsel to the School District, substantially in the form of Appendix D. Certain legal matters will be passed on for the School District by Fox Rothschild LLP, in Blue Bell, Pennsylvania, Solicitor to the School District, and Eckert Seamans Cherin & Mellott, LLC, in Harrisburg, Pennsylvania, will pass upon certain legal matters as limited scope undertaking counsel to the underwriter.

RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned the School District an underlying rating of "___" (___outlook). This underlying rating may be changed, suspended or withdrawn as a result in, or unavailability of, information.

The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Bonds.

UNDERWRITING

Raymond James & Associates, Inc., Lancaster, Pennsylvania (the "Underwriter") subject to certain conditions, has purchased the Bonds from the School District at a purchase price of \$_____ (representing the par amount of the Bonds of \$_____, [plus/less] an original issue [premium/discount] of \$_____ less an underwriting discount of \$_____. The Underwriter's obligations are subject to certain conditions precedent; however, the Underwriter will be obligated to purchase all such Bonds on the Delivery Date if any such Bonds are purchased. The Bonds may be offered and sold to certain dealers (including dealers depositing such bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

The Underwriter and its respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the School District. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the School District. The Underwriter and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future.

PAYING AGENT

Pursuant to the provisions of the Resolution, as paying agent and sinking fund depository, the Paying Agent has the limited duty of receiving payments from the School District, depositing such payments in a sinking fund and making payments to the owners of the Bonds of the principal of, interest on, and premium, if any, on the Bonds when due, but only to the extent such moneys have been received. As registrar and transfer agent, the Paying Agent has the limited duty of handling the registration and transfer of the Bonds. Accordingly, the Paying Agent performs ministerial duties not involving the exercise of discretion and assumes no fiduciary relationship with respect to the owners of the Bonds.

The Paying Agent may now or in the future have banking relationships with the School District which involve making loans to the School District; these loans may have a security feature which is different from that of the security feature associated with the Bonds. The Paying Agent may also serve as trustee or paying agent and sinking fund depository on other obligations issued by or on behalf of the School District.

CERTAIN OTHER MATTERS

All references to sections or language of the Debt Act, Act 1, the Bonds and the Resolution set forth in this Official Statement are made subject to all the detailed provisions thereof, to which reference is hereby made for further information, and this Official Statement does not purport to be complete statements of any or all such provisions.

All information, estimates and assumptions herein have been obtained from officials of the School District, other governmental bodies, trade and statistical services, and other sources, which we believe to be reliable; but no representations whatsoever are made that such estimates or assumptions are correct or will be realized. So far as any statements herein involve matters of opinion, whether or not expressly so stated, they are intended as such and not representations of fact.

The School District has authorized the distribution of this Official Statement.

DALLASTOWN AREA SCHOOL DISTRICT
York County, Pennsylvania

By: _____
President, Board of School Directors

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APPENDIX A

SUMMARIES OF OPERATING DATA REGARDING THE SCHOOL DISTRICT

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DESCRIPTION OF THE SCHOOL DISTRICT

Introduction

The School District constitutes an area of approximately 57.32 square miles and is located in the central part of York County, southeast of the City of York, the County seat with a population of 42,320. The District is approximately 30 miles southeast of Harrisburg, the state capital, 30 miles west of the City of Lancaster and 40 miles north of Baltimore, Maryland. It is comprised of the Boroughs of Dallastown, Jacobus, Loganville and Yoe, and the Townships of Springfield and York (the "Municipalities").

The School District is a School District of the Third Class, organized and existing under the laws of the Commonwealth of Pennsylvania (the "Commonwealth").

The governing body of the School District is a board of nine school directors who are each elected for a four-year term. The daily operation and management of the School District is carried out by the administrative staff of the School District, headed by the Superintendent of Schools who is appointed by the Board of School Directors.

School Facilities

<u>School</u>	<u>Year Constructed</u>	<u>Additions/ Alterations</u>	<u>Grades</u>	<u>Rated Pupil Capacity</u>	<u>2024-25 Enrollment</u>
<i>Elementary:</i>					
Dallastown	1912	1929, 1941, 1961	K-3	200	185
Leader Heights.....	1954	1958, 1966, 1980, 1992, 2022	K-3	200	140
Loganville-Springfield.....	1952	1970, 2020	K-3	600	463
Ore Valley.....	1961	1992	K-3	648	570
York Township.....	1949	1953,1992	K-3	550	428
Intermediate School.....	2010	---	4-6	2,700	1520
<i>Middle:</i>					
Dallastown Area	1963	1969, 2002	7-8	1,320	1018
<i>Secondary:</i>					
Dallastown Area High School.....	1958	1975, 2002	9-12	<u>1,980</u>	<u>2058</u>
Total School District				<u>8,198</u>	<u>6,382</u>

Source: School District Officials.

Pupil Enrollment

The present and projected enrollments within the School District are shown below:

<u>Fiscal Year</u>	<u>Elementary</u>	<u>Secondary</u>	<u>Total</u>
2020-21	3,295	3,030	6,325
2021-22	3,274	3,063	6,337
2022-23	3,211	3,063	6,274
2023-24	3,343	3,066	6,409
2024-25 (Current)	3,306	3,079	6,382
2025-26 (Projected)	3,275	3,075	6,350

Source: Source: Pennsylvania Department of Education ("PDE"); School District Officials. Historic Enrollments are as reported to PDE, excluding full-time AVTS, but including Dallastown cyber, Freedom Academy, River Rock, York Adams Academy, New Story and Soaring Heights.

SCHOOL DISTRICT FINANCES

Financial Reporting

The School District keeps its books and prepares its financial reports according to a modified accrual basis. Major accrual items are payroll taxes and pension fund contributions payable, loans receivable from other funds, and revenues receivable from other governmental units.

The School District's financial statements are audited annually by a firm of independent certified public accountants, as required by State law. The firm of Maher Duessel of Harrisburg, Pennsylvania currently serves as the School District's auditor. The School District's auditor has not been engaged to perform and has not performed since the date of its report, any procedures on the financial statements addressed in that report. Such auditor also has not performed any procedures relating to this Official Statement.

Budgeting Process in accordance with the Public School Code and Act 1 of 2006 (Taxpayer Relief Act)

In General. School districts budget and expend funds according to procedures mandated by the Pennsylvania Department of Education ("PDE"). An annual operating budget is prepared by school district administrative officials on a uniform form furnished by PDE and submitted to the board of school directors for approval prior to the beginning of the school districts' fiscal year beginning on July 1.

Procedures for Adoption of the Annual Budget. Unless the Simplified Procedures described below are utilized, under Pennsylvania Act No. 1 of the Special Session of 2006, as amended by Act 25 of 2011 (together, the "Taxpayer Relief Act" or "Act 1") all school districts of the first class A, second class, third class and fourth class must adopt a preliminary budget (which must include estimated revenues and expenditures and proposed tax rates) no later than 90 days prior to the date of the election preceding the next fiscal year. This preliminary budget must be printed and made available for public inspection at least 20 days prior to its adoption; the board of school directors may hold a public hearing on the budget; and the board must give at least 10 days prior public notice of its intent to adopt the preliminary budget prior to its adoption. The board of school directors shall print the final budget and make it available for public inspection at least 20 days prior to its adoption and shall give public notice of its intent to adopt the final budget at least 10 days prior to adoption, and may hold a public hearing prior to adoption. Guidance from PDE suggest that the preliminary budget be converted to a proposed budget adopted by the board of school directors at least 30 days prior to the adoption of the final budget as required by the Public School Code. The School District follows the requirements of Act 1 and the guidance of PDE pursuant to the requirements of the Public School Code.

If the adopted preliminary budget includes an increase in the rate of any tax levied, the school district must submit information on the increase to PDE on a uniform form furnished by PDE. Such information must be submitted no later than 85 days prior to the date of the election immediately preceding the school district's next fiscal year. PDE compares the proposed percentage increase in the rate of any tax with an index established annually (see "**The Taxpayer Relief Act (Act 1)**" herein) and within 10 days of the receipt of the information but not later than 75 days prior to the date of the election immediately preceding the beginning of the school district's next fiscal year, PDE informs the school district whether the proposed tax rate increase is less than or equal to the index. If PDE determines that the proposed percentage increase in the rate of the tax exceeds the index, PDE notifies the school district that: (1) the proposed tax increase must be reduced to an amount less than or equal to the index; or (2) the proposed tax increase must be approved by the electorate at the election immediately preceding the beginning of the school district's next fiscal year; or (3) the School District seek approval to utilize one or more of the referendum exceptions authorized under the Taxpayer Relief Act.

With respect to the utilization of any of the Taxpayer Relief Act referendum exceptions for which PDE approval is required (see "**The Taxpayer Relief Act (Act 1)**" herein), the school district must publish notice of its intent to seek PDE approval not less than one week before submitting its request for approval to PDE and, if PDE determines to schedule a public hearing on the request, a notice of the date, time and place of such hearing. PDE is required by the Taxpayer Relief Act to rule on the school district's request and inform the school district of its decision no later than 55 days prior to the upcoming election so that, if PDE denies the school district's request, the school district may submit a referendum question to the local election officials at least 50 days before the upcoming election if it so chooses.

If a school district seeks voter approval to increase taxes at a rate higher than the applicable Index, whether or not it first seeks approval to utilize one of the referendum exceptions available under the Taxpayer Relief Act, and the referendum question is not approved by a majority of the voters voting on the question, the board of school directors may not approve an increase in the tax rate greater than the applicable Index.

Simplified Procedures in Certain Cases. The above budgetary procedures will not apply to a school district if the board of school directors adopts a resolution no later than 110 days prior to the election immediately preceding the upcoming fiscal year declaring that it will not increase any tax at a rate that exceeds the applicable Index and that a tax increase at or below the rate of the Index will be sufficient to balance its budget. In that case, the Taxpayer Relief Act requires that the school district comply with the procedures in Section 687 of the School Code for the adoption of its proposed and final budgets. Section 687 of the School Code requires that the school district adopt a proposed budget at least thirty (30) days prior to the adoption of the annual budget; that the proposed budget be made available for public inspection at least twenty (20) days prior to the date set for the adoption of the annual budget; and that action shall not be taken on the annual budget until after ten (10) days public notice. No referendum exceptions are available to a school district adoption such resolution.

Summary and Discussion of Financial Results

The below table presents a summary of the School District’s General Fund Financial Condition for Fiscal Years ending June 30, 2020 through June 30, 2024 and budgeted 2025. For more complete information, the financial statements of the School District may be reviewed at the School District’s Business Office.

**DALLASTOWN AREA SCHOOL DISTRICT
General Fund Revenues, Expenditures and Fund Balances
(Fiscal Years Ending June 30)**

	ACTUAL					Budget
	2020	2021	2022	2023	2024	2025
Revenues						
Local Sources.....	\$78,367,205	\$80,186,527	\$85,795,144	\$90,372,590	\$91,887,225	\$92,185,711
State Sources.....	30,103,390	29,465,787	31,444,929	34,719,842	39,318,147	39,098,532
Federal Sources.....	822,499	2,305,377	2,040,207	5,019,428	2,527,989	1,101,002
Other Financing Sources.....	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	\$109,293,094	\$111,957,691	\$119,280,280	\$130,111,860	\$133,733,361	\$132,385,245
Expenditures						
Instruction.....	\$72,291,351	\$74,566,527	\$76,536,786	\$77,821,133	\$80,024,343	\$84,274,789
Support Services	27,359,698	28,134,130	29,092,391	31,153,409	34,789,732	35,738,050
Operation of Non-Instructional Services	1,671,696	1,459,726	1,753,194	1,752,748	1,888,234	2,121,752
Facilities Acquisition, Construction and Improvement.....	0	0	0	0	0	0
Refund of prior years' receipts	99,497	218,736	10,933	0	0	0
Capital Outlay	476,961	3,419	207,525	3,787,137	2,696,430	500,000
Lease and Other Right-to-Use Arrangements	0	0	0	0	0	0
Debt Service.....	<u>10,592,704</u>	<u>5,309,704</u>	<u>7,288,328</u>	<u>9,520,533</u>	<u>8,760,229</u>	<u>9,300,000</u>
Total Expenditures	\$112,491,907	\$109,692,242	\$114,889,157	\$124,034,960	\$128,158,968	\$131,934,591
Excess Expenditures Over (Under) Revenues	(\$3,198,813)	\$2,265,449	\$4,391,123	\$6,076,900	\$5,574,393	\$450,654
Other Financing Sources (Uses)						
Operating Transfers In	\$2,547,013	\$0	\$0	\$0	\$0	\$0
Operating Transfers Out	0	(597,798)	(2,200,000)	(2,775,000)	(3,803,608)	(450,000)
Sales of Proceeds	29,141	5,281	5,371	703	16,547	7,500
Other Financing Sources Not Listed Elsewhere.....	0	0	0	0	0	0
Extended Term Financing Proceeds.....	<u>261,950</u>	<u>0</u>	<u>923,486</u>	<u>1,082,009</u>	<u>113,437</u>	<u>0</u>
Total Other Financing Sources (Uses)	\$2,838,104	(\$592,517)	(\$1,271,143)	(\$1,692,288)	(\$3,673,624)	(\$442,500)
Excess of Revenues & Other Financing Sources Over (Under) Expenditures & Other	(\$360,709)	\$1,672,932	\$3,119,980	\$4,384,612	\$1,900,765	\$8,154
Financing (Uses)						
Beginning Fund Balance	<u>\$9,463,363</u>	<u>\$9,102,654</u>	<u>\$10,775,586</u>	<u>\$13,895,566</u>	<u>\$18,280,178</u>	<u>\$20,189,101</u>
Ending Fund Balance June 30	<u>\$9,102,654</u>	<u>\$10,775,586</u>	<u>\$13,895,566</u>	<u>\$18,280,178</u>	<u>\$20,172,937</u>	<u>\$20,189,101</u>

Source: School District Officials and Audits.

TAXING POWERS AND LIMITS

In General

Subject to certain limitations imposed by the Act 1 (more specifically described below), the School District is empowered by the School Code and other statutes to levy the following taxes:

1. An annual tax on all real property taxable for school purposes, not to exceed 25 mills on each dollar of assessed valuation, to be used for general school purposes.
2. An unlimited ad valorem tax on the property taxable for school purposes to provide funds:
 - a) for minimum salaries and increments of the teaching and supervisory staff;
 - b) to pay rentals due any municipality authority or non-profit corporation or due the State Public School Building Authority;
 - c) *to pay interest and principal on any indebtedness incurred pursuant to the Local Government Unit Debt Act, or any prior or subsequent act governing the incurrence of indebtedness of the School District; and*
 - d) to pay for the amortization of a bond or note issue which provided a school building prior to the first Monday of July 1959.
3. An annual per capita tax on each resident over 18 years of age of not more than \$5.00.
4. Additional taxes subject to division with other political subdivisions authorized to levy similar taxes on the same person, subject, business, transaction or privilege, under Act No. 511, enacted December 31, 1965, as amended (“The Local Tax Enabling Act”). These taxes, which may include, among others, a per capita tax, an earned income and net profits tax, a real estate transfer tax, a gross receipts tax, a local services tax and an occupation tax, shall not exceed, in the aggregate, an amount equal to the product of the market valuation of real estate in the School District (as certified by the State Tax Equalization Board of the Commonwealth (“STEB”)/Tax Equalization Division (“TED”)) multiplied by twelve mills. All local taxing authorities are required by the Local Tax Enabling Act to exempt disabled veterans and members of the armed forces reserve who are called to active duty at any time during the tax year from any local services tax and to exempt from any local services tax levied at a rate in excess of \$10 those persons whose total income and net profits from all sources within the political subdivision is less than \$12,000 for the tax year. The Local Tax Enabling Act also authorizes, but does not require, taxing authorities to exempt from per capita, occupation, and earned income taxes and any local services tax levied at a rate of \$10 or less per year, any person whose total income from all sources is less than \$12,000 per year.

PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS

Taxpayer Relief Act (Act 1)

The information set forth below is a partial summary of relevant sections of Act 1 and their impact. This summary is not intended to be an exhaustive discussion of the provisions of Act 1 nor intended to provide a legal interpretation of any provision of Act 1. A prospective purchaser of the Bonds should review the full text of Act 1 as a part of any decision to purchase the Bonds.

Under the Taxpayer Relief Act (Act 1), a school district may not levy any tax for the support of the public schools which was not levied in the previous fiscal year, raise the rate of any earned income and net profits tax if already imposed under the authority of the Local Tax Enabling Act, or increase the rate of any tax for school purposes by more than the Index (defined below), unless in each case either (a) such increase is approved by the voters in the school district at a public referendum or (b) one or more of the exceptions summarized below is applicable and the use of such exception is approved by PDE:

1. to pay interest and principal on indebtedness incurred (i) prior to September 4, 2004, in the case of a school district which had elected to become subject to the provisions of the prior Homeowner Tax Relief Act, Act 72 of 2004 (“Act 72”), or (ii) prior to June 27, 2006, in the case of a school district which had not elected to become subject to Act 72 (as in the case of the School District); (a) to pay interest and principal on any indebtedness approved by the voters at referendum (electoral debt); and (b) to pay interest and principal on debt refunding or refinancing debt for which one of the above exceptions is permitted, as long as the refunding or refinancing incurs no additional debt other than for costs and expenses related to the refunding or refinancing and the funding of appropriate debt service reserves;
2. to pay costs incurred in providing special education programs and services to students with disabilities, under specified circumstances;
3. To make payments into the State Public School Employees’ Retirement System when the increase in the estimated payments between the current year and the upcoming year is greater than the Index (as determined by PDE in accordance with the provisions of Act 1), subject to the limitation that the salary base used for calculating estimated payments is capped at the 2011-12 salary base level, per PDE Referendum Exception Guidelines.”

Any revenue derived from an increase in the rate of any tax allowed under the exception numbered 1 above may not exceed the anticipated dollar amount of the expenditure, and any revenue derived from an increase in the rate of any tax allowed pursuant to any other exception enumerated above may not exceed the rate increase required, as determined by PDE, as the case may be. If a school district’s petition or request to increase taxes by more than the Index pursuant to one or more of the allowable exceptions is not approved, the school district may submit the proposed tax increase to a referendum.

“Index” is defined in Act 1 as follows:

INDEX

1. Except as set forth in paragraph (2), the average of the percentage increase in the Statewide Average Weekly Wage and the Employment Cost Index.
2. For a school district with a market value/income aid ratio great than 0.400 for the school fiscal year prior to the school fiscal year for which the Index is calculated, the value under paragraph (1) multiplied by the sum of:
 - (i) 0.75; and
 - (ii) the school district’s market value/income aid ratio for the school fiscal year prior to the school fiscal year for which the Index is calculated.

“Statewide Average Weekly Wage” is defined in Act 1 as follows:

STATEWIDE AVERAGE WEEKLY WAGE

That amount determined by the Department of Labor and Industry in the same manner that it determines the average weekly wage under section 404(e)(2) of the Act of December 5, 1936 (2nd Sp. Sess., 1937 P.L. 2897, No. 1), known as the Unemployment Compensation Law, except that it shall be calculated for the preceding calendar year.

The Act 1 Index applicable to the School District for the next fiscal year, current fiscal year and prior four fiscal years is as follows:

<u>Fiscal Year</u>	<u>Index %</u>
2024-25	7.1
2023-24	5.4
2022-23	4.5
2021-22	3.9
2020-21	3.3

Source: Pennsylvania Department of Education website.

In accordance with Act 1, a board of school directors may submit, but is not required to submit, a referendum question to the voters in any future municipal election seeking approval to levy or increase the rate of an earned income tax (“EIT”) or impose a personal income tax (“PIT”) for the purpose of funding homestead and farmstead exclusions, but the proposed rate of the EIT or PIT shall not exceed the rate that is required to provide the maximum homestead and farmstead exclusions allowable under law. The referendum was not approved by a majority of the voters at the primary election.

Status of the Bonds Under the Taxpayer Relief Act (Act 1)

The debt service payable on the Bonds described in this Official Statement was not authorized before the effective date of Act 1; therefore, is not eligible for a specific exception to the Index limits of Act 1.

Limitations on School District Fund Balance

Set forth below is a summary of relevant sections of Act 48. This summary is not intended to be an exhaustive discussion of the provisions of Act 48 nor intended to provide a legal interpretation of any provisions of Act 48. A prospective purchaser of the Bonds should review the full text of Act 48 as a part of any decision to purchase the Bonds.

Pennsylvania Act No. 2003-48 (enacted December 23, 2003) prohibits a school district from increasing real property taxes unless the school district has adopted a budget for such school fiscal year that includes an estimated ending unreserved and undesignated fund balance which is not more than a specified percentage of the total budgeted expenditures, as set forth below:

<u>Total Budgeted Expenditures:</u>	<u>Estimated Ending Unreserved Undesignated Fund Balance as a Percentage of Total Budgeted Expenditures⁽¹⁾:</u>
Less than or equal to \$11,999,999	12.0%
Between \$12,000,000 and \$12,999,999	11.5%
Between \$13,000,000 and \$13,999,999	11.0%
Between \$14,000,000 and \$14,999,999	10.5%
Between \$15,000,000 and \$15,999,999	10.0%
Between \$16,000,000 and \$16,999,999	9.5%

Between \$17,000,000 and \$17,999,999	9.0%
Between \$18,000,000 and \$18,999,999	8.5%
Greater than or equal to \$19,000,000	8.0%*

“Estimated ending unreserved, undesignated fund balance” is defined in Act 2003-48 as that portion of the fund balance which is appropriate for expenditure or not legally or otherwise segregated for a specific or tentative future use, projected for the close of the school year for which a school district’s budget was adopted and held in the general fund accounts of the school district.

*Applicable to the School District

(1) Effective June 30, 2011, Governmental Accounting Standards Statement #54 adopted the term “Unassigned” to refer to general fund balances that would fall within the definition of “Unreserved and Undesignated Fund Balance” in the statute known as Act 48 of 2003.

TAX REVENUES OF THE SCHOOL DISTRICT

Tax Levies

2024-25 Real Estate and Non-Real Estate Tax Rates

<u>Municipality</u>	<u>Real Estates Tax (Mills)</u>			<u>Per Capita</u>		<u>Earned Income</u>	
	<u>School</u>	<u>Municipal</u>	<u>County</u>	<u>School</u>	<u>Municipal</u>	<u>School</u>	<u>Municipal</u>
Dallastown Borough	25.69	2.150	6.900	\$0.00	\$10.00	0.5%	0.5%
Jacobus Borough	25.69	2.000	6.900	0.00	0.00	0.5	0.5
Loganville Borough	25.69	1.000	6.900	0.00	0.00	0.5	0.5
Springfield Township	25.69	0.750	6.900	0.00	0.00	0.5	0.5
Yoe Borough	25.69	4.407	6.900	0.00	0.00	0.5	0.5
York Township	25.69	1.610	6.900	0.00	0.00	0.5	0.5

<u>Municipality</u>	<u>Real Estate Transfer</u>		<u>Local Services Tax</u>	
	<u>School</u>	<u>Municipal</u>	<u>School</u>	<u>Municipal</u>
Dallastown Borough	0.5%	0.5%	\$ 0.00	\$10.00
Jacobus Borough	0.5	0.5	0.00	0.00
Loganville Borough	0.5	0.5	0.00	0.00
Springfield Township	0.5	0.5	0.00	0.00
Yoe Borough	0.5	0.5	0.00	0.00
York Township	0.5	0.5	0.00	52.00

Source: School District Officials

Real Estate Tax Collection Record

The School District's realty tax collection record for the current and previous five fiscal years ending June 30th, of the years shown below, is as follows:

<u>School Year</u>	<u>Assessed Valuation</u>	<u>Mills</u>	<u>Gross Adjusted Levy</u>	<u>Current Collections Amount</u>	<u>Current Year Collections As of Percent</u>	<u>Delinquent Tax Collections Amount (1)</u>	<u>Total Collections Amount</u>	<u>Total Collections As a Percent</u>
2018-19	\$2,915,593,169	23.66	\$68,982,946	\$67,723,185	98.17%	\$1,263,364	\$68,986,549	100.01%
2019-20	2,943,169,514	23.66	69,635,413	68,355,451	98.16%	895,510	69,250,961	99.45%
2020-21	2,960,447,794	23.66	70,044,186	67,668,525	96.61%	1,366,632	69,035,157	98.56%
2021-22	2,991,784,079	24.58	73,538,054	71,783,840	97.61%	1,285,236	73,069,076	99.36%
2022-23	3,100,402,475	25.69	79,637,248	77,454,229	97.26%	988,290	78,442,519	98.50%

(1) Includes all delinquent real estate collection, which includes past years and the current year delinquent collections, interest and penalties. The Adjusted Levy shown excludes the amount payable from Property Tax and Rent Rebate funded pursuant to Act 1 of the Commonwealth.

Source: School District Officials

Trends in Market and Assessed Valuations

The trend in market and assessed valuations of real estate in the School District is shown below:

<u>Fiscal Year</u>	<u>Market Value</u>	<u>Assessed Value</u>	<u>Ratio %</u>
2018-2019	\$3,048,049,440	\$2,975,008,618	97.60
2019-2020	3,060,918,091	2,989,392,058	97.66
2020-2021	3,097,061,000	3,005,379,935	97.04
2021-2022	3,103,909,956	3,012,364,159	97.05
2022-2023	3,427,649,880	3,136,213,115	

Source: Pennsylvania State Tax Equalization Board (STEB). Valuations are certified in June of following year.

Ten Most Valuable Taxable Parcels in the School District

The following table represents the ten real estate parcels having the highest assessed values in the School District. These taxpayers represent approximately 6.87% of the School District’s total most recent assessed value.

<u>Taxpayer</u>	<u>Taxable Aggregate Assessed Valuation</u>
Wellspan Properties	\$ 39,657,700
Waterford Associates	35,094,440
OSS Realty Company	28,130,380
Kinsley Graham LP	21,665,170
Cabot	18,401,840
Dealbrook LLC	17,887,656
HP Altman	16,972,390
Powder Mill Associates	16,481,940
Indigo Pointe LLC	12,409,780
Country Meadows	11,714,740
Totals	\$218,241,156

Source: County Assessment Office

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COMMONWEALTH AID TO SCHOOL DISTRICTS

Pennsylvania school districts receive financial assistance from the Commonwealth in a number of forms, all subject to statutory provisions and annual appropriation by the Pennsylvania General Assembly.

Basic education funding is allocated to all school districts in an amount equal to: (1) a fixed sum equal to the school district's Fiscal Year 2014-15 basic educational funding; plus (2) an additional increment determined annually pursuant to statutory formula which adjusts a school district's average daily membership by a number of factors specific to the composition of the student population as well as the school district's median household income, local tax effort and capacity to generate local revenue. The additional increment as calculated above for any individual school district may be zero.

Information concerning the calculation of the School District's basic education funding can be found on the Pennsylvania Department of Education's website at <https://www.education.pa.gov>.

School districts also receive subsidies for special education, pupil transportation, career and technical education and health services, among other things.

Current Lack of Commonwealth Appropriations for Debt Service Reimbursement

Commonwealth law presently provides that the School District will receive reimbursement from the Commonwealth for a portion of the debt service on some or all of the School District's outstanding bonds; after said bonds have received final approval from the Department of Education (see **"DEBT STATEMENT AND DEBT LIMITS"** herein). Commonwealth reimbursement is based on the "Reimbursable Percentage" assigned to the Bonds and the School District's Aid Ratio or CARF, whichever is higher. The School District's MVAR is currently higher at 59.53%. The Reimbursable Percentage is determined through a process known as the "Planning and Construction Workbook" or "PlanCon". In future years, this percentage may change as the School District's MVAR changes, or as a result of future legislation regarding changes to, or even elimination of, the PlanCon program.

In May of 2016, the Commonwealth enacted appropriation legislation known as Act 25 ("Act 25"), which contains authorization for the Commonwealth Finance Authority ("CFA") to issue up to \$2.5 billion of debt to fund PlanCon reimbursements to school districts. Act 25 also instituted a moratorium on new projects entering the PlanCon process while an advisory committee established under Act 25 considers amendments to the PlanCon reimbursement program. This moratorium went into effect on May 15, 2016 and most recently became indefinite with the adoption of Act No. 33 of 2023 on December 13, 2023.

To date, the CFA has issued \$1,903,065,000, to provide for PlanCon reimbursements owed to school districts, consisting of the issuance of its Revenue Bonds, Series A of 2016 (Federally Taxable) in the principal amount of \$758,185,000 issued on October 31, 2016, its Revenue Bonds, Series of 2019 (Federally Taxable) in the total amount of \$412,520,000 issued on January 18, 2019, its Revenue Bonds (Federally Taxable), Series A of 2019 in the total amount of \$388,975,000 issued on May 9, 2019, and its Revenue Bonds (Federally Taxable), Series A of 2021 in the total amount of \$343,385,000 issued on June 23, 2021. It is expected that proceeds of these issues will be used to provide PlanCon reimbursement to the School District for the current and future fiscal years. However, the School District cannot be certain that any future PlanCon reimbursement will be received by PDE as the ability for CFA to issue additional bonds in the future to fund future PlanCon reimbursements owed to school districts may impact the availability of PlanCon reimbursements payable to the School District. Any failure by the Commonwealth to adopt a timely budget and enact necessary spending authorizations could have a material adverse effect upon the School District's anticipated receipt of PlanCon reimbursements.

Act 70 of 2019 was adopted by the State legislature and has modified the PlanCon process. The Act states that on July 1, 2020, a new PlanCon system will go online. However, the legislation does not include any funding nor does it state when the Commonwealth would start to allow applicants to enter into the new program. There is a moratorium for the new PlanCon program, which still remains in place.

There can be no assurances that the School District will be able to successfully apply for, be awarded, and receive sufficient PlanCon reimbursement for the costs of any current or future projects of the School District. A failure by the School District to receive such reimbursement could force the School District to apply other available funds, if any, toward the completion costs of the Project and may have a material adverse effect on the financial resources of the School District to fund other obligations, including payment of debt service on the Bonds.

DEBT STATEMENT AND DEBT LIMITS

Residents of the School District are responsible for the following debt within the School District, the municipalities within the School District and the County following the settlement of the Bonds. The School District has never defaulted on the payment of debt service.

<u>DIRECT DEBT</u>					
<u>NONELECTORAL DEBT*</u>					
<u>Issue Type</u>	<u>Gross Outstanding</u>	<u>Project Reimbursable Percent</u>	<u>Effective Reimbursement⁽¹⁾</u>	<u>State Share</u>	<u>Local Share</u>
General Obligation Bonds, Series of 2025.....	\$51,595,000	0.00%	0.00%	\$0	\$51,595,000
General Obligation Bonds, Series of 2023.....	9,990,000	0.00%	0.00%	0	9,990,000
General Obligation Bonds, Series of 2022.....	28,120,000	0.00%	0.00%	0	28,120,000
General Obligation Bonds, Series of 2021.....	2,385,000	23.35%	13.90%	331,521	2,053,479
Total Principal of Nonelectoral Debt.....	<u><u>\$92,090,000</u></u>			<u><u>\$331,521</u></u>	<u><u>\$91,758,479</u></u>
<u>LEASE RENTAL DEBT</u>					
Total Principal of Lease Rental Debt.....	<u>\$0</u>				
TOTAL DIRECT DEBT.....	<u><u>\$92,090,000</u></u>				
<u>OVERLAPPING DEBT</u>					
Component Municipalities Debt.....	\$1,820,000				
York County ⁽²⁾	27,936,967				
Total Principal of Overlapping Debt.....	<u>29,756,967</u>				
TOTAL DIRECT AND OVERLAPPING DEBT.....	<u><u>\$121,846,967</u></u>				
<u>DEBT RATIOS OF DIRECT DEBT</u>					
Market Valuation of Real Estate.....	2.97%				
Assessed Valuation of Real Estate.....	3.06%				
Per Capita (2020 Population).....	\$2,176				
<u>DEBT RATIOS OF DIRECT & OVERLAPPING DEBT</u>					
Market Valuation of Real Estate.....	3.93%				
Assessed Valuation of Real Estate.....	4.04%				
Per Capita (2020 Population).....	\$2,879				
<u>FINANCIAL FACTORS OF THE SCHOOL DISTRICT</u>					
Market Value.....	\$3,103,909,956				
Assessed Value.....	\$3,012,364,159				
Population (2020).....	42,320				

*Includes the Bonds offered through this Official Statement. Does not include the General Obligation Notes, Series of 2017 being refunded herein.

⁽¹⁾Gives effect to current appropriations for payment of debt service and expected future State Reimbursement of School District sinking fund payments based on current Aid Ratio. See “**Commonwealth Aid to School Districts**” herein.

⁽²⁾School District’s pro rata 10.58% share of the County’s \$264,054,516 principal amount outstanding.

Source: Department of Community and Economic Development (“DCED”) website.

FUTURE FINANCING

The School District has a long-range capital improvement plan in place for renovations and upgrades to its existing facilities; if implemented, the School District anticipates issuing additional long-term debt to fund this plan over the next 5 years.

BORROWING CAPACITY
(Under Local Government Unit Debt Act)

The legal borrowing capacity of the School District is calculated in accordance with the Debt Act, which describes the applicable debt limits for local government units (entities with taxing powers), including school districts and municipalities. Under the Debt Act, the School District may incur electoral debt, which is debt that is approved by a majority of the School District's voters at either a general or special election, in an unlimited amount. Net nonelectoral debt, or debt not approved by the School District's electorate, net of state aid, may not exceed 225% of the School District's "Borrowing Base", as defined in the Debt Act. The Bonds constitute nonelectoral debt under the Debt Act. The Borrowing Base is calculated as the annual arithmetic average of Total Revenues (as defined in the Debt Act), for the three full fiscal years next preceding the date of incurring debt. Combined net nonelectoral debt and net lease rental debt (debt represented by capital leases and similar agreements relating to debt payments), net of approved state aid, incurred on behalf of the School District may not exceed 225% of the School District's Borrowing Base. The Borrowing Base and borrowing capacity of the School District are as follows:

	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>
Total General Fund Revenues	\$119,280,279	\$130,865,576	\$133,733,361
Less: Required Deductions			
a. Rental and Sinking Fund Reimbursement.....	\$844,393	\$845,389	\$868,352
b. Revenues for Self-Liquidating Debt	0	0	0
c. Interest Earned on Sinking Funds	0	0	0
d. Grant and Gifts for Capital Projects.....	0	0	0
e. Sale of Equipment and Non-Recurring Items (i.e., insurance recoveries)..	5,371	0	0
Total Deductions	<u>\$849,764</u>	<u>\$845,389</u>	<u>\$868,352</u>
Total Revenues	\$118,430,515	\$130,020,187	\$132,865,009
Total Net Revenues for Three Years		\$380,561,995	
Borrowing Base - Average Net Revenues for Three-Year Period		\$126,853,998	
Computation of Borrowing Capacity			
Debt Limitation - 225% of Borrowing Base		\$285,421,496	
Less: Net Non-Electoral and Lease Rental Debt.....		<u>92,090,000</u>	
Current Non-Electoral and Lease Rental Borrowing Capacity		\$193,331,496	

LABOR RELATIONS

Employees and Labor Contracts

There are presently 735 employees of the School District, including 494 teachers and administrators, and 273 support personnel, including secretarial and maintenance.

The School District's teachers are represented by the Dallastown Area Education Association which is affiliated with the Pennsylvania State Education Association under a contract which expires on June 30, 2027.

Pension Program

Currently, all Pennsylvania school districts and intermediate units participate in a pension program administrated by the Commonwealth. The program is formally known as the Public School Employees' Retirement System ("PSERS"), and a percentage of each eligible employee's salary is contributed by the employee, the School District and the Commonwealth. All full-time employees, part-time employees salaried over eighty days per year and hourly employees with over five hundred hours per year participate in the program.

Contributions are required by active members, School Districts, and the Commonwealth of Pennsylvania as established by the Public School Employees' Retirement Code. Members who enrolled prior to January 1, 2002, range from 5.28% to 7.5% of compensation, depending upon the date of commencement of employment and elections made by each employee member. Members who enrolled in the pension plan on or after January 1, 2002 and before July 1, 2011 is 7.5% of compensation. The contribution rate for PSERS members who enrolled on or after July 1, 2011 is 7.5% or 10.3%, depending upon elections made by each employee member. On December 3, 2020, the PSERS Board certified the employer rate, to be paid by the School District, of 34.94% for the 2021-22 fiscal year. According to Act 120 of 2010 the employer contribution rate is suppressed for future years by using rate caps to keep the rate from rising too high, too fast.

The Commonwealth will reimburse the School District at the rate of 50% of its total contributions with respect to all employees who were hired prior to July 1, 1994. With respect to employees hired after July 1, 1994, and who were not previously employed by another public school system in the Commonwealth, the School District will be reimbursed by the Commonwealth at the rate of the higher of 50% of contributions made by the School District or the current Market Value/Personal Income Aid Ratio. The School District is reimbursed on a quarterly basis.

Under Act 5 of 2017 (“Act 5”) PSERS transitioned from a traditional defined benefit system and begin to offer defined contribution plans as well. Beginning July 1, 2019, in addition to other transaction rules and options based on members’ classifications, certain classes of active members may choose to switch from the current defined benefit plan to one of three new retirement benefit plan options which will be available. Additionally, all active members newly hired on or after July 1, 2019, will be required to select one of those three new retirement benefit plan options and will not be eligible to participate in the current defined benefit plan. The three new plans consist of two hybrid plans, with defined benefit and defined contribution components, along with a stand-alone defined contribution plan.

In addition to its comprehensive change in available plans for active members, Act 5 also made certain changes to the PSERS Board of Trustees and administrative protocols and created the Public Pension Management and Asset Investment Review Commission to study and make recommendations to the General Assembly and the Governor regarding investment performance and strategies.

According to the Independent Fiscal Office, Act 5 is not expected to reduce school district and state contributions to PSERS over the first fifteen years. However, beginning in fiscal 2034-35 through fiscal 2049-50, employer contribution rates are expected to begin to decline due to the lower long-term employer costs of the new benefit plans and will be lower, in the aggregate, over the study period. Both the School District and the Commonwealth are responsible for paying a portion of the employer’s share. School entities are responsible for paying 100% of the employer share of contributions to PSERS. The Commonwealth reimburses the employer for one-half the payment for employees. The School District contributions are made on a quarterly basis and employee contributions are deducted bi-weekly for each paycheck and remitted monthly. Recent School District payments, net of reimbursement, have been as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2020-21	\$7,594,614
2021-22	7,788,358
2022-23	7,985,285
2023-24 (estimated)	6,907,999
2024-25 (Budgeted)	8,525,093

On June 30, 2023, the School District reported a liability of \$151,827,000 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 PSERS' total pension liability as of June 30, 2020 to June 30, 2021. The School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the PSERS' one-year reported contributions. This method was changed beginning with the System’s fiscal year ended June 30, 2020. In prior years, the proportion of the PSERS net pension liability was calculated utilizing the School District’s one-year reported covered payroll as it related to PSERS’ total one-year report covered payroll. On June 30, 2023 (measurement date), the School District's proportion was .3415%, which was a decrease of .0033% from its proportion measured as of June 30, 2022.

As of June 30, 2023, the PSERS plan was 61.6% funded, with an unfunded actuarial accrued liability of approximately \$44.0 billion. PSERS’ rate of return for fiscal year ended June 30, 2023, was 3.54%. The Fund had plan net assets of \$72.8 billion on June 30, 2023. For more information, visit the PSERS website at www.psers.pa.gov, which is not incorporated by specific reference into this Official Statement.

Source: School District Audit and PSERS

Other Post-Employment Benefits (“OPEB”)

The School District implemented Governmental Accounting Standards Board Statement No. 45, “Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions,” for certain post-employment healthcare benefits and life insurance benefits provided by the School District. This statement generally provides for prospective implementation - i.e., that employers set the beginning net OPEB obligation at zero as of the beginning of the initial year.

Accordingly, for financial reporting purposes, no liability is reported for the post-employment benefits liability at the date of transition. Single-Employer Defined Benefit OPEB Plan The School District's other post-employment benefits ("OPEB") include a single-employer defined benefit plan that provides medical and life insurance benefits to eligible retirees and their dependents. The School Board has the authority to establish and amend benefit provisions. The OPEB Plan does not issue any financial report and is not included in the report of any public employee retirement system or any other entity.

The School District's contributions are funded on a pay-as-you-go basis. The contribution requirements of retirees are established and may be amended by the School Board.

For a full description of the pension and OPEB plans, please refer to Appendix E – Financial Statements.

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APPENDIX B

LOCAL DEMOGRAPHIC AND STATISTICAL; AND ECONOMIC INFORMATION

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DEMOGRAPHIC AND STATISTICAL INFORMATION

The following tables provide population trends, age, wealth and housing indices for the School District, the County and the Commonwealth of Pennsylvania.

Population

	<u>2000</u>	<u>2010</u>	<u>2020</u>
Dallastown Area School District	34,746	41,093	42,320
York County	381,751	434,972	456,438
Pennsylvania	12,281,054	12,702,379	13,002,700

Source: U.S. Bureau of Census.

**Age Composition
(2020)**

	<u>Percent Under 18</u>	<u>Percent 65 and Over</u>
Dallastown Area School District	23.0%	20.0%
York County	27.7	18.0
Pennsylvania	26.1	18.7

Source: U.S. Bureau of Census.

**Family Income
(2020-5 Year Estimates)**

	<u>Median Family Income</u>	<u>Families Below Poverty Level</u>
Dallastown Area School District	\$190,300	11.9%
York County	66,457	7.1
Pennsylvania	61,744	10.9

Source: U.S. Bureau of Census.

**Occupied Housing
(2020)**

	<u>Total Housing Units</u>	<u>Occupied Housing Units</u>	<u>(%)</u>	<u>Owner-Occupied Housing Units</u>	<u>(%)</u>
Dallastown Area School District	17,970	17,072	95.0%	12,759	71.0%
York County.....	185,661	172,421	92.9	139,060	74.9
Pennsylvania	5,732,628	5,053,106	88.1	3,949,781	68.9

Source: U.S. Bureau of Census.

Medical Facilities

The hospitals, their licensed bed capacities and numbers of employees (full-time and part-time) are as follows:

<u>Institution</u>	<u>Location</u>	<u>Licensed Beds</u>	<u>Staff</u>	
			<u>Full-time</u>	<u>Part-Time</u>
UPMC Hanover	Hanover	93	686	256
UPMC Memorial	York	104	617	227
Wellspring York Hospital	York	596	3,707	797
Encompass Health Rehab Hospital of York	York	90	129	123
OSS Orthopaedic Hospital	York	26	556	114
Wellspring Surgery & Rehab Hospital	York	73	300	58

Source: Pennsylvania Department of Health, Bureau of Health Statistics; 2020 reporting period.

Transportation

The School District is strategically located, which provides its industries with convenient access to the major market areas and ports in the eastern United States. The Pennsylvania Turnpike traverses the extreme northern tip of York County east to west, and Interstate Highway 83 runs north to south through the central part of the School District connecting the Harrisburg area and the City of York with Baltimore, Maryland.

Rabbit Transit provides service to the City of York and its immediate environs. Rail service in York County is provided by Conrail on the lines of the former Reading, Penn-Central, and Western Maryland railroads and by the Maryland and Pennsylvania Railroad. York County is served by four general service commercial airports, one of which is within a few miles of the City of York. The City of York is also served by a heliport, and intercity bus service is provided by Greyhound lines.

The diverse nature of the area's industry and the concomitant need for export-import outlets has required support from the motor carrier industry within the area. Therefore, the York area is serviced by forty-one motor freight carriers which provide daily service to the area.

Utilities

Sewer. Sewer service and treatment is provided to School District households through several municipal authorities, which include the Springfield Township, York County, Sewer Authority, the Springettsburg Wastewater Authority, the Jacobus Borough Sewer Authority, the Yoe Borough Sewer Authority and the York Township Water and Sewer Authority.

Water. Water service to residents within the School District is provided by the Dallastown-Yoe Water Authority and the York Water Company.

Electric and Gas: Electric service supplied throughout the area covered by the School District is provided by FirstEnergy-GPU Energy Company, FirstEnergy-MetEd Company and the Adams Electric Cooperative. Natural gas is supplied by Columbia Gas Co. Inc.

Telephone: Telephone service is supplied by Verizon and other telephone companies.

ECONOMIC INFORMATION

Classification of Employment by Industry
York County, Pennsylvania

YORK-HANOVER METROPOLITAN STATISTICAL AREA

(York County)

February 2023

NONFARM JOBS - NOT SEASONALLY ADJUSTED

ESTABLISHMENT DATA	Industry Employment				Net Change From:	
	Feb 2023	Jan 2023	Dec 2022	Feb 2022	Jan 2023	Feb 2022
TOTAL NONFARM	190,700	190,300	193,600	186,700	400	4,000
TOTAL PRIVATE	171,600	171,300	174,400	167,800	300	3,800
GOODS-PRODUCING	45,600	45,300	45,600	43,700	300	1,900
Mining, Logging, and Construction	12,100	12,100	12,300	11,600	0	500
Manufacturing	33,500	33,200	33,300	32,100	300	1,400
SERVICE-PROVIDING	145,100	145,000	148,000	143,000	100	2,100
PRIVATE SERVICE-PROVIDING	126,000	126,000	128,800	124,100	0	1,900
Trade, Transportation, and Utilities	42,200	42,500	43,700	41,600	-300	600
Wholesale Trade	7,100	7,000	7,100	6,800	100	300
Retail Trade	20,500	20,600	21,300	20,300	-100	200
Grocery and convenience retailers	4,100	4,200	4,300	4,300	-100	-200
General merchandise retailers	4,400	4,500	4,800	4,400	-100	0
Transportation, Warehousing, and Utilities	14,600	14,900	15,300	14,500	-300	100
Information	1,000	1,100	1,000	1,000	-100	0
Financial Activities	5,700	5,700	5,800	5,500	0	200
Professional and Business Services	22,600	22,700	23,500	22,800	-100	-200
Education and Health Services	28,800	28,200	29,000	28,400	600	400
Health care and social assistance	26,500	26,400	26,500	25,800	100	700
Leisure and Hospitality	15,600	15,700	15,700	14,900	-100	700
Other Services	10,100	10,100	10,100	9,900	0	200
Government	19,100	19,000	19,200	18,900	100	200
Federal Government	4,100	4,100	4,100	4,100	0	0
State Government	1,100	1,100	1,100	1,000	0	100
Local Government	13,900	13,800	14,000	13,800	100	100
Data benchmarked to March 2022	***Data changes of 100 may be due to rounding***					

Source: Pennsylvania Department of Labor & Industry.

Trends in York County Employment and Unemployment

<u>Year</u>	<u>York County</u>			<u>% Unemployed</u>	
	<u>Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>County</u>	<u>Pennsylvania</u>
2019	236,200	226,900	9,300	3.9	4.5
2020	232,800	214,200	18,600	8.0	9.1
2021	226,800	219,500	7,300	3.2	6.3
2022	230,800	220,900	9,900	4.3	5.1
2023	239,400	231,200	8,100	3.4	4.4

Major Employers in York County

Employer

York Hospital
 Federal Government
 Wellspan Medical Group
 Wellspan Health
 Wal-Mart Associates Inc.
 Amazon.com Services Inc.
 Giant Food Stores LLC
 York County
 BAE Systems Land & Armaments LP
 Harley Davidson Motor Company

Services/Products

Hospital Services
 Government
 Healthcare Services
 Healthcare Services
 Retail
 Distribution Center
 Retail
 County Government
 Manufacture
 Retail

Source: Pennsylvania Center for Workforce Information & Analysis, 3rd Quarter 2022.

APPENDIX C
FORM OF OPINION OF BOND COUNSEL



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_____, 2025

Raymond James and Associates, Inc.
 570 Lausch Lane, Suite 101
 Lancaster, PA 17601

Re: Dallastown Area School District
 York County, Pennsylvania
 \$_____ General Obligation Bonds, Series of 2025

Ladies and Gentlemen:

We have acted as Bond Counsel to the Dallastown Area School District, York County, Pennsylvania (the “School District”), a school district located in the Commonwealth of Pennsylvania (the “Commonwealth”), in connection with the authorization, issuance and sale by the School District of its General Obligation Bonds, Series of 2025, dated _____, 2025, in the aggregate principal amount of _____ Dollars (\$_____) (the “Bonds”).

The Board of Directors of the School District, by a Resolution dated October 10, 2024 (the “Resolution”), has authorized and directed the issuance of the Bonds. The Resolution provides, inter alia, that the proceeds of the Bonds will be used for purposes of providing financing for: (1) the current refunding of all or a portion of the School District’s General Obligation Notes, Series of 2017 (the “Refunded Notes”) and (2) paying costs and expenses related to the issuance of the Bonds, all in accordance with applicable and appropriate provisions of the Local Government Unit Debt Act of the Commonwealth, as codified by the Act of December 19, 1996 (P.L. 1158, No. 177) (the “LGUDA”). Proceedings for authorization, issuance and sale of the Bonds have been conducted in accordance with the provisions of the LGUDA.

The Department of Community and Economic Development (the “Department”) of the Commonwealth has approved the proceedings for the incurring of this debt of the School District as authorized in the Resolution, as required by the LGUDA.

As to questions of fact material to our opinion, without undertaking to verify such facts by independent investigation, we have relied upon the certified proceedings and other certifications

A Pennsylvania Limited Liability Partnership

California Nevada Colorado New Jersey Delaware New York District of Columbia North Carolina Florida Oklahoma Georgia Pennsylvania Illinois South Carolina Massachusetts Texas Minnesota Washington Missouri



Raymond James & Associates, Inc.

_____, 2025

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of the School District and other public officials, including without limitation, the matters listed in the following paragraph, which have been furnished to us.

As Bond Counsel to the School District, we have examined and relied upon, among other things: (1) the proceedings related to the issuance and delivery of the Bonds as filed with and approved by the Department; (2) an executed counterpart of the Resolution; (3) a form of Bond; (4) a General Certificate of the School District; (5) a Tax Compliance Agreement; (6) a Due Diligence Memorandum completed and executed by the School District; and (7) the usual closing affidavits, certificates and documents. In our examination, we have assumed the genuineness of all signatures, including electronic signatures.

We have assumed that the School District, pursuant to the Resolution, has established a sinking fund with the Paying Agent named in the Resolution, as the sinking fund depository, into which funds for the payment of the principal of and interest on the Bonds will be deposited no later than the date fixed for the disbursement thereof. The School District has set forth in the Resolution to make payments out of such sinking fund or out of any other of its revenue or funds, at such times and in such annual amounts, as shall be sufficient for prompt and full payment of all obligations under the Bonds.

The School District in the Resolution has covenanted to include in each year's budget, to the fullest extent authorized under law, sums sufficient to meet the requirements of all interest and principal payment due under the Bonds, to appropriate such amounts from its general revenues necessary for the payment of such debt service and to pay the principal and interest due upon the Bonds to the extent of its obligation as and when due and it has pledged its full faith, credit and taxing power to such payment, budgeting and appropriation.

We have further assumed that the principal of and interest on the Bonds are payable without deduction of any tax or taxes now levied or assessed thereon under any present law of the Commonwealth, which tax or taxes the School District assumes and agrees to pay; provided, however, that the foregoing shall not be applicable to gift, succession or inheritance taxes or to other taxes not levied or assessed directly on the Bonds or the interest paid thereon.

Based upon the foregoing, and subject to the further qualifications stated herein, and assuming investment and application of the proceeds of the Bonds as set forth in the Tax Compliance Agreement and the continuing compliance by the School District therewith and with the applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code") and the Regulations thereunder, we are of the opinion that:

1. The School District is authorized, under applicable laws of the Commonwealth, to issue the Bonds to provide funds as enumerated in the Resolution.
2. The amount of non-electoral debt of the School District issued and outstanding or authorized by vote of the Board of Directors of the School District, including the Bonds, computed



Raymond James & Associates, Inc.

_____, 2025

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in accordance with the LGUDA, is not in excess of legal limitations; and the incurring of non-electoral debt of the School District, which is evidenced by the Bonds, is permitted by the LGUDA and the Constitution of the Commonwealth to be made by vote of the Board of Directors of the School District without assent of electors of the School District.

3. The proceedings pursuant to which the Bonds have been authorized and thus the incurring of the non-electoral debt of the School District, which is evidenced by the Bonds, are in accordance with applicable law. The Bonds are a full faith and credit obligation of the School District, the payment for which the School District is obligated, if necessary, to exercise its ad valorem taxing power, subject to the limits of Act 1, discussed below, upon all taxable property within the School District.

4. The Bonds are not presently “arbitrage bonds” as that term is contemplated by, and defined in, Section 103(b)(2) and Section 148, respectively, of the Code and applicable Regulations promulgated thereunder.

5. Interest on the Bonds is excludable from gross income for Federal income tax purposes under Section 103 of the Code and is not an item of tax preference for purposes of the Federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations.

6. The Bonds are exempt from personal property taxes in the Commonwealth and interest on the Bonds is exempt from the personal income tax and the corporate net income tax imposed by the Commonwealth.

7. The Bonds, when issued and approved by the Pennsylvania Department of Community and Economic Development, will constitute indebtedness of the Local Government Unit for purposes of Section 6-633 of the Pennsylvania Public School Code of 1949, as amended.

Notwithstanding the general excludability of interest on the Bonds from gross income and the exemption of the Bonds and the interest thereon from certain taxes, ownership of the Bonds may result in other Federal, state, local and/or foreign tax consequences to certain taxpayers, including, without limitation, corporations required to include such interest in the calculation and payment of the alternative minimum tax under Section 55 of the Code (as noted in Paragraph 5 above); certain foreign corporations doing business in the United States that are subject to the Branch Profits Tax imposed by Section 884 of the Code; individuals or entities required to take such interest into account as market discount; financial institutions; insurance companies required to include such interest in amounts required to reduce the deductions for loss reserves pursuant to Section 832 of the Code; certain “S” Corporations (as defined in Section 1361 of the Code) with accumulated earnings and profits; individual recipients of Social Security, or Railroad Retirement benefits; and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Bonds. We offer no opinion as to any of such other tax consequences.



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_____, 2025

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With respect to the foregoing opinion, we advise you that the rights of the holders of the Bonds and the enforceability of the Bonds will be subject to and may be limited by (i) applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other similar laws of general application or equitable principles relating to or affecting creditors' rights and remedies or debtors' obligations generally, (ii) general principles of equity, whether considered and applied in a court of law or equity, and (iii) the exercise of judicial discretion in appropriate cases.

The opinions set forth in paragraphs 4 and 5 above are subject to the condition that the School District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Code establishes certain requirements relating to the use and expenditures of the Bonds proceeds, restrictions on investments prior to expenditure and the requirement that certain earnings be rebated to the Federal government. Non-compliance with any of these or other applicable requirements of the Code might cause interest on the Bonds to be subject to Federal income taxation either prospectively or retroactively to the date of issuance. The School District has covenanted to comply with such requirements.

We call to your attention that the Taxpayer Relief Act, Pennsylvania Special Session Act No. 1 of 2006 ("Act 1") became effective June 27, 2006. Act 1 generally provides that a school district may not, in fiscal year 2007-2008 or in any subsequent fiscal year, increase the rate of any tax for school purposes by more than an index based on factors described in Act 1 without voter approval by referendum. Act 1 provides an exception from the referendum requirement for tax increases for the purposes of paying principal and interest on, and costs of issuance of, debt which refunds debt incurred by the School District prior to the effective date of Act 1, such as a portion of the Refunded Notes. However, the use of such exception by the School District must be approved by the Pennsylvania Department of Education. We express no opinion regarding the likelihood of approval by the Pennsylvania Department of Education of the use of the foregoing exception by the School District with respect to the Bonds.

We express no opinion herein as to any matter not expressly set forth herein, including Federal, state, local and/or foreign tax consequences arising with respect to the Bonds other than as expressly set forth in paragraphs 4, 5 and 6 above. Further, we express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement relating to the Bonds.

This opinion is given as of the time of closing on the date hereof, and is based on existing law as enacted and construed as of that time. We assume no obligation to update or supplement this opinion to reflect any facts or circumstances which may hereafter come to our attention or any changes in such laws, regulations, or judicial or administrative decisions, any of which could adversely affect a holder of the Bonds.

Very truly yours,

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

Re: DALLASTOWN AREA SCHOOL
DISTRICT,
York County, Pennsylvania
\$ _____ Aggregate Principal
Amount General Obligation Bonds,
Series of 2025
Dated the Date of Delivery

_____, 2025

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by DALLASTOWN AREA SCHOOL DISTRICT, York County, Pennsylvania (the “School District”), in connection with the issuance of its General Obligation Bonds, Series of 2025, dated the date hereof (the “Bonds”). The Bonds are being issued pursuant to a resolution duly adopted by the Board of School Directors of the School District (the “Resolution”). The School District makes the following certifications and representations as an inducement to the Participating Underwriters and others to purchase the Bonds:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the School District for the benefit of the holders of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report filed by the School District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Business Day” shall mean a day other than a Saturday, a Sunday, or a day on which the New York Stock Exchange is closed or a day on which banks located in the Commonwealth are authorized or required by law or executive order to close.

“Commonwealth” shall mean the Commonwealth of Pennsylvania.

“Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Listed Events” shall mean any of the events listed in Section 6 of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Bondholder” shall mean any registered owner of the Bonds or any person who (i) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any of the Bonds (including persons holding through any nominee, securities depository or other intermediary) or (ii) is treated as the holder of any Bonds for federal income tax purposes.

“Official Statement” shall mean the final official statement relating to the Bonds prepared by or on behalf of the School District and distributed in connection with the offering and sale of the Bonds by the Participating Underwriters.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the primary offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

SECTION 3. Filing of Annual Reports. The School District shall file with the MSRB within 270 days following the close of each of the School District’s fiscal years, beginning with its fiscal year ending June 30, 2025, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate.

The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, however, that if the audited financial statements of the School District for the most recent completed fiscal year are not available to be included in the Annual Report when filed, such audited financial statements may be filed separately from the balance of the Annual Report, as provided in the following paragraph.

If the audited financial statements of the School District for the most recent fiscal year are not available as of the date on which the Annual Report is to be filed, the audited financial statements shall be filed with the MSRB as soon as they are available, and the Annual Report, when filed, shall contain a statement to that effect and a statement of the date by which the School District reasonably expects the audited financial statements to become available and to be filed with the MSRB.

SECTION 4. Content of Annual Reports. The School District’s Annual Report shall

contain or incorporate by reference the following financial information and operating data with respect to the School District:

- (1) the financial statements for the most recent fiscal year, prepared in accordance with generally accepted accounting principles for local government units and audited in accordance with generally accepted auditing standards;
- (2) a summary of the budget for the current fiscal year;
- (3) the total assessed value and market value of all taxable real estate for the current fiscal year;
- (4) the taxes and millage rates imposed for the current fiscal year;
- (5) the real property tax collection results for the most recent fiscal year, including the real estate levy imposed (expressed both as a millage rate and an aggregate dollar amount), the dollar amount of real estate taxes collected that represented current collections, the amount of real estate taxes collected that represented taxes levied in prior years (expressed as an aggregate dollar amount), and the total amount of real estate taxes collected; and
- (6) a list of the ten (10) largest real estate taxpayers and, for each, the total assessed value of real estate for the current fiscal year.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the School District or related public entities, which have been made available to the public on the MSRB's internet website or filed with the SEC. The School District shall clearly identify each other document so incorporated by reference.

The School District reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information to the extent necessary or appropriate as a result of a change in legal requirements or a change in the nature of the School District or its operations or financial reporting, but the School District will agree that any such modification will be done in a manner consistent with the Rule.

SECTION 5. Notices of Late Filing of Annual Information. If the School District has failed to file, or is unable to file, an Annual Report with the MSRB within the time set forth in Section 3 above, the School District will file, in a timely manner, a notice with the MSRB stating such fact and, if appropriate, the date by which the School District expects to file the Annual Report.

SECTION 6. Reporting of Listed Events. In a timely manner not in excess of ten (10) Business Days after the occurrence of the event, the School District will file with the MSRB notice of the occurrence of any of the following events with respect to the Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;

- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax-exempt status of the Bonds;
- (7) modifications to rights of holders of the Bonds, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the School District;
- (13) the consummation of a merger, consolidation, or acquisition involving the School District or the sale of all or substantially all of the assets of the School District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee, or the change of name of a trustee, if material;
- (15) failure to provide annual financial information as required;
- (16) incurrence of a Financial Obligation of the School District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the School District, any of which affect security holders, if material; and
- (17) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the Financial Obligation of the School District, any of which reflect financial difficulties.

The School District may from time to time choose to provide notice of the occurrence of certain other events affecting the Bonds or the School District, in addition to those listed above, if, in the judgment of the School District, such other event is material with respect to the Bonds, but the School District does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

SECTION 7. Manner of Filing. All filings to be made with the MSRB in accordance with this Disclosure Certificate are to be filed in such electronic format as is prescribed by the MSRB and accompanied by such identifying information as is prescribed by the MRSB.

As of the date of this Disclosure Certificate, the rules of the MSRB require all such filings to be made using the MSRB's Electronic Municipal Market Access System ("EMMA") at <http://emma.msrb.org>.

SECTION 8. Dissemination Agent. The School District may, at any time and from time to

time, appoint or engage another person (the “Dissemination Agent”) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge such Dissemination Agent, with or without appointing a successor and without notice to Bondholders.

SECTION 9. Termination of Disclosure Obligation. The School District’s obligations under this Disclosure Certificate shall terminate upon the prior redemption or payment in full of all of the Bonds or if and when the School District no longer remains an “obligated person” with respect to the Bonds, within the meaning of the Rule.

SECTION 10. Default. In the event of a failure of the School District to comply with any provision of this Disclosure Certificate, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the School District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the School District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the School District, the Participating Underwriters and Bondholders, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, the School District causes this Continuing Disclosure Certificate to be executed on its behalf by the President of the Board of School Directors all as of the date set forth above.

(signature page follows)

DALLASTOWN AREA SCHOOL DISTRICT,
York County, Pennsylvania

By: _____

President of the Board
of School Directors

APPENDIX E
AUDITED FINANCIAL STATEMENTS

Dallastown Area School District

Financial Statements, Required
Supplementary Information and
Supplementary Information

Year Ended June 30, 2024
with Independent Auditor's Report

MaherDuessel

A horizontal bar is positioned below the company name. The left portion of the bar is black, and the right portion is blue, matching the color of the 'D' in the company name.

DALLASTOWN AREA SCHOOL DISTRICT

YEAR ENDED JUNE 30, 2024

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DALLASTOWN AREA SCHOOL DISTRICT

YEAR ENDED JUNE 30, 2024

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Independent Auditor's Report

**Board of School Directors
Dallastown Area School District**

Report on Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Dallastown Area School District (District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information listed in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

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

Maher Duessel

Harrisburg, Pennsylvania
December 10, 2024

MANAGEMENT DISCUSSION AND ANALYSIS

The Dallastown Area School District's discussion and analysis provides an overview of the District's financial performance for fiscal years ended on June 30, 2023, and June 30, 2024.

The intent of the Management Discussion and Analysis (MDA) is to look at the school District's financial performance. Please read it in conjunction with the District's financial statements and notes to the financial statements, which immediately follows this section.

FINANCIAL HIGHLIGHTS

For the fiscal year ending 2024, the Board of School Directors adopted a balanced General Fund budget of \$127.318 million. The actual results of operation indicated that expenditures were 3% above expectations and revenues were approximately 5% above expectations. These fluctuations will be discussed further under General Fund Budgetary Highlights.

On June 30, 2024, the Governmental Activities total net position was negative \$72.291 million as compared to negative \$85.819 million in 2023. Negative net position is a result of implementing Government Accounting Standards Board Statement Number 68 for Pensions and Statement Number 75 for Other Post-Employment Benefits (OPEB). Net pension liability and OPEB liabilities represent 60% of the total liabilities.

On June 30, 2024, the total fund balance for the General Fund was \$20.18 million.

Total funds in the amount of \$9.590 million were assigned and the remaining \$10.591 million is unassigned and represents approximately 8% of the General Fund budget for the next fiscal year.

USING THE ANNUAL FINANCIAL REPORT

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

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

The remaining basic financial statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements. The governmental statements tell how general School District services were financed in the short term as well as what remains for future spending. Proprietary fund statements offer short-term and long-term financial information about the activities that the School District operates as a business. For Dallastown, the Food Service Fund and the Internal Service Fund are Proprietary. Fiduciary fund statements provide information about financial relationships where the School District acts solely as the trustee or agent for the benefit of others such as the Middle School and High School Student Activity Funds.

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

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

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

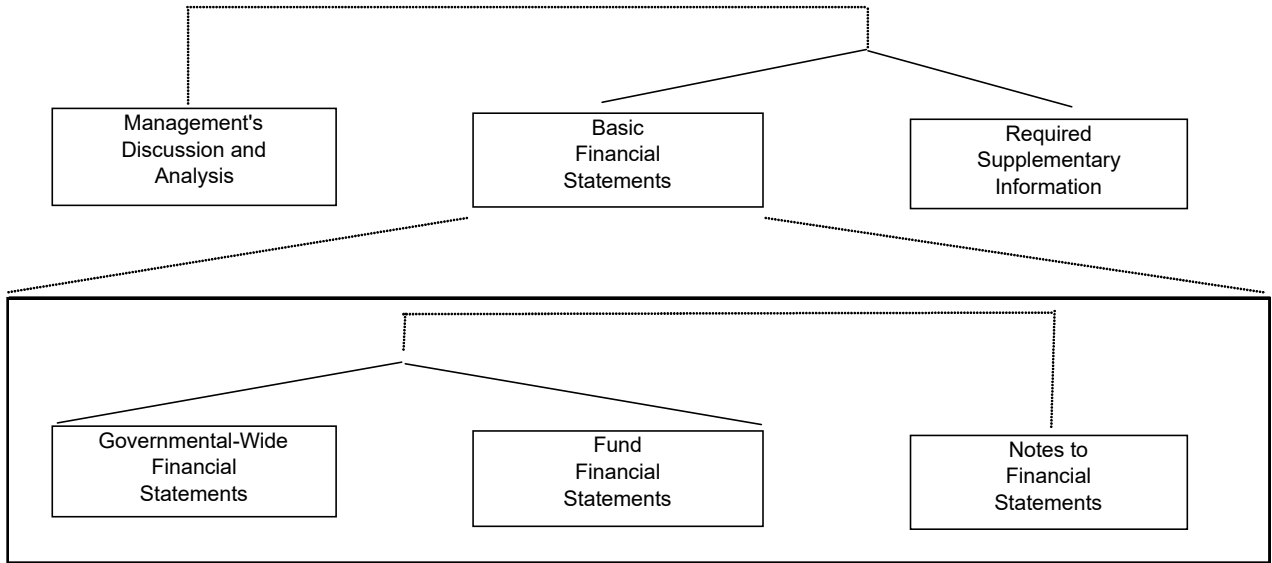


Figure A-2 summarizes the major features of the District's financial statements. The remainder of this overview section of the management's discussion and analysis highlights the structure and contents of each statement.

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

	Government-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	Activities of the District that are not proprietary or fiduciary, such as general operating and capital projects.	Activities the District operates similarly to private businesses, such as food service.	Instances in which the District is the trustee or agent of someone else's resources - Student Activity Funds.
Required Financial Statements	<ul style="list-style-type: none"> Statement of net position Statement of activities 	<ul style="list-style-type: none"> Balance Sheet Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> Statement of net position Statement of revenues, expenditures, and changes in net position Statement of cash flows 	<ul style="list-style-type: none"> Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting Basis & Measurement Focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial focus.	Accrual accounting and economic resources focus.	Accrual accounting and economic resources focus.

Types of assets/liability information	All assets and liabilities, both financial and capital, short-term and long-term and deferred outflows.	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included.	All assets and liabilities, both financial and capital, and short-term and long-term.	All assets and liabilities, both short-term and long-term.
Types of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during the year, regardless of when cash is received or paid.	All revenues and expenses during the year, regardless of when cash is received or paid.



OVERVIEW OF THE FINANCIAL STATEMENTS

Government-wide Statements

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

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

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

-  *Governmental activities:* Most of the District's basic services are included here such as regular, special, and adult education, transportation, administration, and community services. Property taxes and state subsidies finance most of the activities that occur in the General Fund.
-  *Business-type activities:* The District charges fees to help it cover the costs of the District's food service program.

Fund Financial Statements

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

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

The District has three types of funds:

- ☪ *Government funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can be readily converted to cash flow in and out (2) the balances left at year-end are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or difference) between them.
- ☪ *Proprietary funds:* These funds are used to account for District activities that are similar to business operations in the private sector. The District operates two different types of proprietary funds: an enterprise fund and an internal service fund. When the District charges fees for services provided to customers, the services are usually reported as proprietary funds. The Food Service Fund is the District's enterprise fund and is the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows. The Internal Service Fund is used to accumulate the costs associated with the District's self-insurance program.
- ☪ *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others, such as the student activities fund. The District is responsible for ensuring that those to whom the assets belong use them only for their intended purpose. The District excludes these activities from the government-wide financial statements because they cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's total net position was negative \$69.572 million at fiscal year ended 2024, which includes negative \$72.291 million in Governmental Activities and \$2.719 million in Business Type Activities, a change of \$13.833 million over fiscal year ended 2023. The District's unrestricted net position represents the funding necessary if all outstanding debts were paid as of the end of the fiscal year.

Figure A-3
Fiscal Years Ended June 30, 2024 and June 30, 2023
Net Positions

	Governmental Activities		Business-Type Activities		Total School District	
	6/30/2024	6/30/2023	6/30/2024	6/30/2023	6/30/2024	6/30/2023
Total assets	\$ 203,301,687.00	\$ 189,117,002.00	\$4,875,001.00	\$3,168,772.00	\$ 208,176,688.00	\$ 192,285,774.00
Total deferred outflows of resources	\$ 32,090,888.00	\$ 26,002,698.00	\$ -	\$ -	\$ 32,090,888.00	\$ 26,002,698.00
Total liabilities	\$ 296,737,485.00	\$ 286,013,685.00	\$2,156,023.00	\$ 754,575.00	\$ 298,893,508.00	\$ 286,768,260.00
Total deferred inflows of resources	\$ 10,946,096.00	\$ 14,924,961.00	\$ -	\$ -	\$ 10,946,096.00	\$ 14,924,961.00
Net investment in capital assets	\$ 27,527,221.00	\$ 25,883,066.00	\$ 498,670.00	\$ 196,150.00	\$ 28,025,891.00	\$ 26,079,216.00
Restricted	34,517,992.00	37,319,427.00	-	-	34,517,992.00	37,319,427.00
Unrestricted	(134,336,219.00)	(149,021,439.00)	2,220,308.00	\$2,218,047.00	(132,115,911.00)	(146,803,392.00)
Total net position	\$ (72,291,006.00)	\$ (85,818,946.00)	\$2,718,978.00	\$2,414,197.00	\$ (69,572,028.00)	\$ (83,404,749.00)

The District saw an increase in CIP of approximately \$13.824 million due to work being done as part of the Leaders Heights Elementary project. In the coming years, Construction in Progress will continue to increase as work begins on the York Township Elementary and Ore Valley Elementary projects.

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

Deferred outflow of resources on pension on OPEB liabilities increased by approximately \$6 million year over year.

Governmental liabilities increased \$10.724 million over the fiscal year ended 2023.

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

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

To understand the composition of the changes more fully in net position for the current year, Figure A-4 presents additional details regarding the results of all activities for the fiscal years ended June 30, 2024, and 2023.

Figure A-4
Fiscal Years Ended June 30, 2024 and June 30, 2023
Change in Net Positions

	Governmental Activities		Business-Type Activities		District Total	
	6/30/2024	6/30/2023	6/30/2024	6/30/2023	6/30/2024	6/30/2023
Revenues						
Program revenues						
Charges for services	\$ 495,030	\$ 361,435	\$ 1,517,566	\$ 1,458,545	\$ 2,012,596	\$ 1,819,980
Operating grants and contributions	24,067,108	24,724,042	2,881,390	2,717,339	26,948,498	27,441,381
Capital grants and contributions	-	-	-	-	-	-
General revenues						
Property taxes	78,469,435	77,796,591	-	-	78,469,435	77,796,591
Other taxes	9,181,402	9,387,232	-	-	9,181,402	9,387,232
Grants, subsidies and contributions						
not restricted	19,599,813	16,781,542	-	-	19,599,813	16,781,542
Investment earnings	4,094,766	2,079,824	130,082	16,469	4,224,848	2,096,293
Loss on the sale of capital assets	-	(790)	-	-	-	(790)
Miscellaneous income	71,417	95,512	-	-	71,417	95,512
Total revenues	135,978,971	131,225,388	4,529,038	4,192,353	140,508,009	135,417,741
Expenses						
Instruction	81,212,215	77,294,294	-	-	81,212,215	77,294,294
Instructional student support	9,871,508	8,650,150	-	-	9,871,508	8,650,150
Administrative and financial support	9,518,893	9,205,716	-	-	9,518,893	9,205,716
Operation and maintenance of plant	9,269,575	7,617,519	-	-	9,269,575	7,617,519
Pupil transportation	6,323,114	4,776,567	-	-	6,323,114	4,776,567
Student activities	1,768,865	1,550,128	-	-	1,768,865	1,550,128
Community services	139,238	142,292	-	-	139,238	142,292
Interest on long-term debt	4,344,015	3,634,618	-	-	4,344,015	3,634,618
Food service	-	-	4,227,865	3,667,673	4,227,865	3,667,673
Total expenses	122,447,423	112,871,284	4,227,865	3,667,673	126,675,288	116,538,957
Excess (deficiency) before transfers	13,531,548	18,354,104	301,173	524,680	13,832,721	18,878,784
Transfers	(3,608)	-	3,608	-	-	0
Increase (decrease) in net positions	13,527,940	18,354,104	304,781	524,680	13,832,721	18,878,784
Net position -Beginning	(85,818,946)	(104,173,050)	2,414,197	1,889,517	(83,404,749)	(102,283,533)
Net positions - Ending	\$ (72,291,006)	\$ (85,818,946)	\$ 2,718,978	\$ 2,414,197	\$ (69,572,028)	\$ (83,404,749)

Governmental revenues saw an increase of \$4.754 million. Key elements of the 4% increase are outlined below:

- ☛ An increase of \$2.015 million in investments. This was due to the sustained increase in market rates throughout the fiscal year ending 2024.

- ☛ An increase of \$2.437 million in the Basic Education Subsidy.

The majority of the \$9.576 million or 8% increase in governmental expenses from the fiscal year ended 2022 to 2024 can be attributed to a 5% increase in instructional expenditures and a 14% increase in instructional student support expenditures. The remaining categories had small increases and decreases.

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

Figure A-5
Fiscal Years Ended June 30, 2024, and June 30, 2023
Governmental Activities

Functions/Programs	2024		2023	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 81,212,215	\$ 64,227,401	\$ 77,294,294	\$ 59,762,338
Instructional student support	9,871,508	7,855,110	8,650,150	6,238,367
Administrative and financial support	9,518,893	8,310,891	9,205,716	8,211,272
Operation and maintenance of plant	9,269,575	8,531,684	7,617,519	6,828,313
Pupil transportation	6,323,114	4,150,731	4,776,567	2,761,487
Student activities	1,768,865	1,371,536	1,550,128	1,369,371
Community services	139,238	(37,731)	142,292	(174,570)
Interest on long-term debt	4,344,015	3,475,663	3,634,618	2,789,229
Total Governmental Activities	\$ 122,447,423	\$ 97,885,285	\$ 112,871,284	\$ 87,785,807
Less:				
Unrestricted grants, subsidies		19,599,813		16,781,542
Total Needs from Local Taxes and Other Revenues		\$ 78,285,472		\$ 71,004,265

Figure A-6 reflects the activities of the Food Service Fund, which is one of the business-type activities of the District.

Figure A-6
Fiscal Years Ended June 30, 2024, and June 30, 2023
Business-Type Activities

	2024		2023	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Functions/Programs				
Food Service	\$ 4,227,865	\$ 171,091	\$ 3,667,673	\$ 508,211
Less:				
Investment Earnings, Transfers, and Miscellaneous Income		133,690		16,469
Total Business Type Activities		\$ 304,781		\$ 524,680

Revenues from one of the District’s business-type activities (food and nutrition services) were comprised of charges for services, federal and state reimbursements, and investment earnings.

Business-type revenues exceeded expenses by \$304 thousand and \$524 thousand for fiscal years ended 2024 and 2023, respectively. During the fiscal year ended 2024, operating expenses increased \$560 thousand, and revenues increase \$337 thousand over 2024. The student lunch prices increased 10 cents over the fiscal year ending 2023.

Revenue for charges for services were \$1.518 million and \$1.458 million in fiscal years ending 2024 and 2023. This revenue is the amount paid by students and District personnel for daily food service, including breakfast, lunch, beverages, a la carte purchases and catering services. Charges represent 33% and 35% of total revenue, respectively.

Federal reimbursement for meals, including payment for free and reduced lunches, were \$2.034 million and \$1.853 million for the fiscal years ended 2024 and 2023. State reimbursements for meals, including payment for free and reduced lunches, were \$514 and \$397 thousand, respectively.

Refer to the paragraph below for the information regarding the number of meals served.

During the fiscal year ending 2024, the District served 266,071 free lunches and 150,243 free breakfasts. During the fiscal year ending 2023, the District served 248,715 free lunches and 135,734 free breakfasts. The free lunch counts increased by 7% and free breakfasts increased 10%.

FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS

Governmental Funds

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

As of June 30, 2024, the District’s governmental funds reported a combined fund balance of \$61.274 million, which is an increase of 12% over fiscal year ended 2023.

Refer to Figure A-7 for a breakdown of governmental fund balances and the total change from the fiscal year ended 2023 to 2024.

Figure A-7
Fiscal Years Ended June 30, 2024, and June 30, 2023
Fund Balances

	2024	2023	\$ Change	% Change
General Fund:				
Non-Spendable	\$ -	\$ -	\$ -	0.00%
Assigned	9,590,177	8,094,750	1,495,427	18.47%
Unassigned	10,590,767	10,185,428	405,339	3.98%
Capital Projects Fund:				
Restricted	41,092,992	36,552,832	4,540,160	12.42%
Total	\$ 61,273,936	\$ 54,833,010	\$ 6,440,926	11.75%

The General Fund is the main operating fund of the Dallastown Area School District. For the fiscal year ended 2024, the fund balance of the General Fund was \$20.181 million as compared to \$18.280 million for fiscal year ended 2023, an increase of \$1.901 million or 10%. The addition to fund balance is due to the increase in revenues as discussed in the General Fund Budgetary Highlights section of the MD & A.

The \$20.181 million General Fund balance is comprised of \$9.590 million in assigned funds and \$10.591 million in unassigned funds. Unassigned fund balance is defined as those financial resources available for spending and therefore not reserved for any specific purpose.

The Board of School Directors adopted a fund balance policy which strives to maintain unassigned fund balance at a minimum of five percent of the following year’s expenditure. For the fiscal year ending 2024, unassigned fund balance is currently 8% of the 2024-2025 expenditure budget.

Overall revenues in the General Fund were \$133.863 million and \$130.487 million in fiscal years ended 2024 and 2023. Refer to Figure A-8 below for distribution of General Fund revenues.

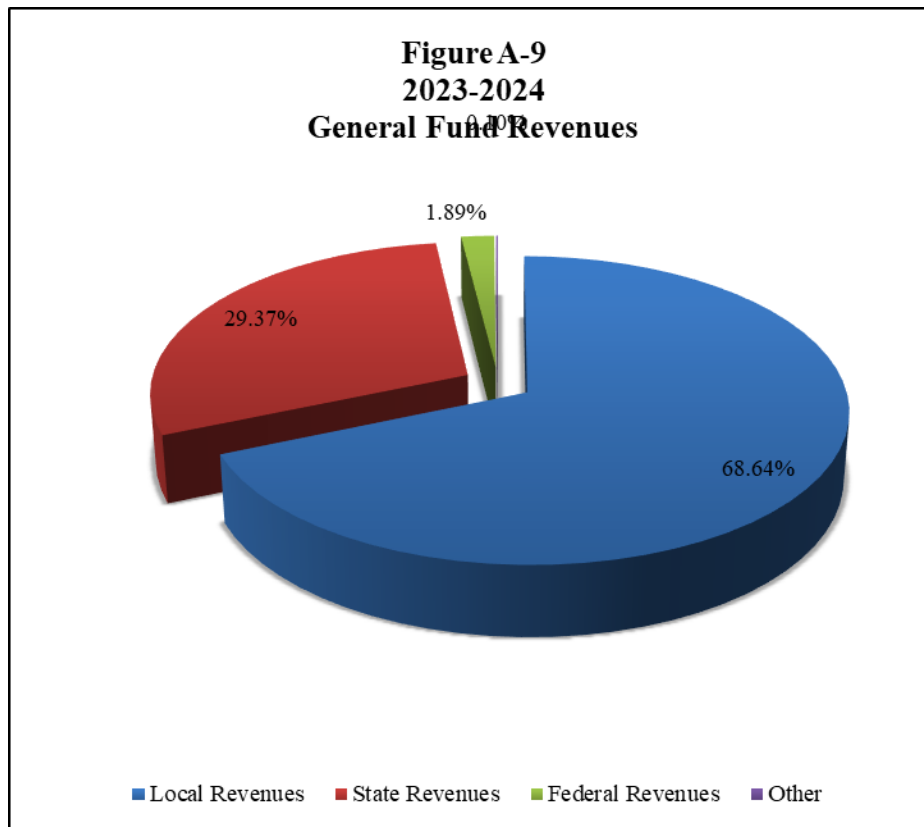
Figure A-8
Fiscal Years Ended June 30, 2024, and June 30, 2023
Comparison of General Fund Revenues

	2024	2023	\$ Change	% Change
Local Revenues	\$ 91,887,225	\$ 90,372,590	\$ 1,514,635	1.68%
State Revenues	39,318,147	34,012,875	5,305,272	15.60%
Federal Revenues	2,527,989	5,019,428	(2,491,439)	-49.64%
Other Financing Sources	129,984	1,082,712	(952,728)	-87.99%
	\$ 133,863,345	\$ 130,487,605	\$ 3,375,740	2.59%

Most of the changes in revenues from the fiscal year ended 2024 to 2023 can be credited to the following:

- 🏛️ An increase of \$972 thousand on interest on investments.
- 🏛️ An increase of \$2.437 million in the Basic Education Subsidy.

Figure A-9 below details the percentage of each revenue category that the General Fund receives. The District largest sources of revenue have always been regular real estate taxes, followed by state subsidies such as Basic Instruction and the State’s Share of Retirement Contributions.



Total expenditures from the General Fund were \$131.963 million and \$126.810 million in fiscal years ended 2024 and 2023, respectively. Refer to Figure A-10 below for distribution of expenses by program type.

Figure A-10
Fiscal Years Ended June 30, 2024, and June 30, 2023
Comparison of General Fund Expenditures

	2024	2023	\$ Change	% Change
Current:				
Instructional	\$ 80,024,343	\$ 77,821,133	\$ 2,203,210	2.83%
Support Services	34,789,732	31,153,409	3,636,323	11.67%
Operation of noninstructional services	1,888,237	1,752,748	135,489	7.73%
Refund of prior year's receipts	-	-	-	-
Capital outlay	2,696,430	3,787,137	(1,090,707)	100.00%
Debt Service	8,760,229	9,520,533	(760,304)	-7.99%
Other Financing Uses	3,803,608	2,775,000	1,028,608	100.00%
	<u>\$ 131,962,579</u>	<u>\$ 126,809,960</u>	<u>\$ 5,152,619</u>	<u>4.06%</u>

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

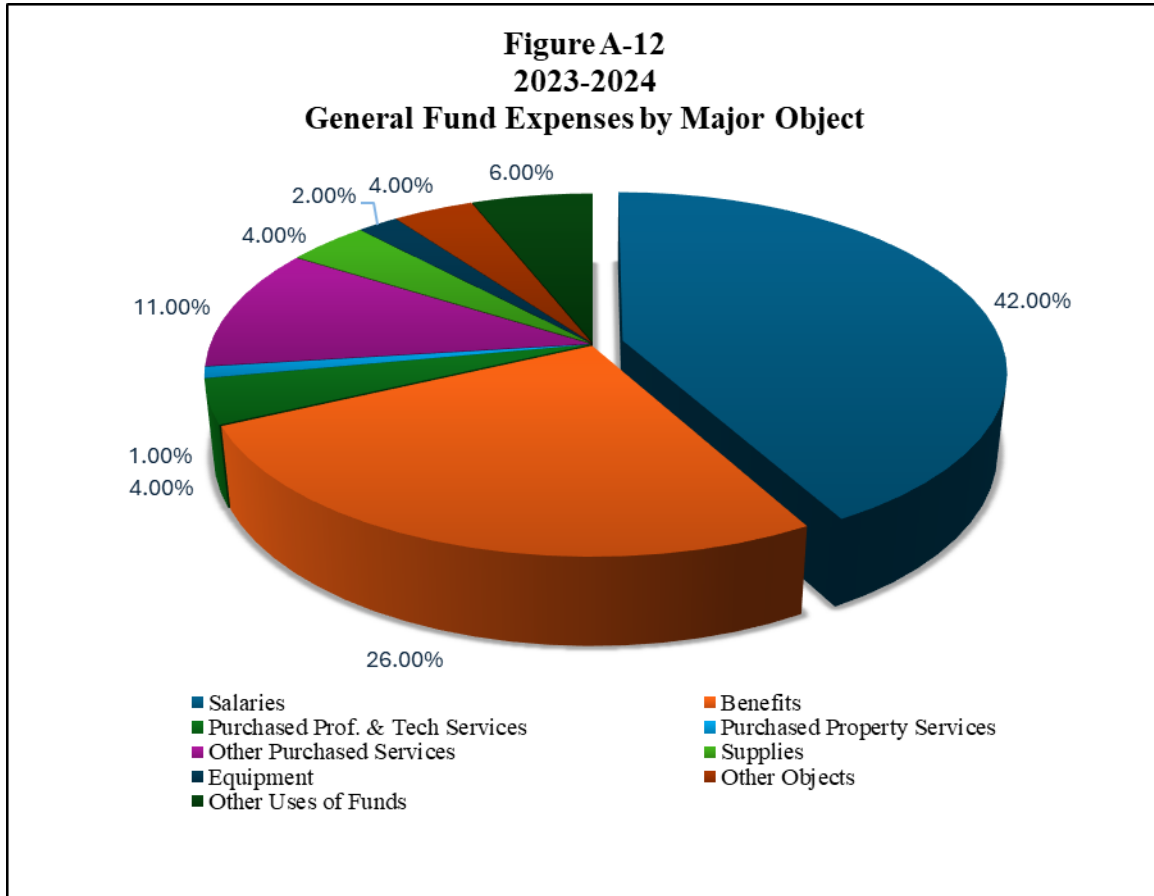
Figure A-11
Fiscal Years Ended June 30, 2024, and June 30, 2023
Comparison of General Fund Expenditures by Major Object

	2024	2023	\$ Change	% Change
100 Salaries	\$ 55,684,097	\$ 53,590,748	\$ 2,093,349	3.91%
200 Benefits	33,711,721	32,410,838	1,300,883	4.01%
300 Purchased Prof. & Tech Services	5,177,510	4,238,201	939,309	22.16%
400 Purchased Property Services	1,775,177	5,620,430	(3,845,253)	-68.42%
500 Other Purchased Services	15,097,044	12,863,439	2,233,605	17.36%
600 Supplies	5,402,173	3,934,851	1,467,322	37.29%
700 Equipment	2,288,214	1,715,173	573,041	33.41%
800 Other Objects	4,830,537	4,390,305	440,232	10.03%
900 Other Uses of Funds	7,996,105	8,045,975	(49,870)	-0.62%
	<u>\$ 131,962,579</u>	<u>\$ 126,809,960</u>	<u>\$ 5,152,619</u>	<u>4.06%</u>

Key elements affecting the increase in General Fund expenditures are outlined below.

- 🏰 An increase of 4% in salaries.
- 🏰 An increase in other purchased services due to a revised transportation contract to maintain competitive wages.

Figure A-12 displays the percentage make-up of each major object. Since the District is a service organization, salaries and benefits comprised 68% of all expenditures.



The Capital Projects Fund had a total fund balance of \$41.093 million for fiscal year ended 2024 and \$36.553 million for fiscal year ended 2023, all of which is restricted and committed for continuing costs related to capital projects as approved by the Board of School Directors.

Refer to Figures A-13 and A-14 for a balance sheet and a statement of revenues, expenses, and changes in fund balance comparison from fiscal year 2023 to 2024.

Figure A-13
Fiscal Years Ended June 30, 2024, and June 30, 2023
Capital Projects Balance Sheet

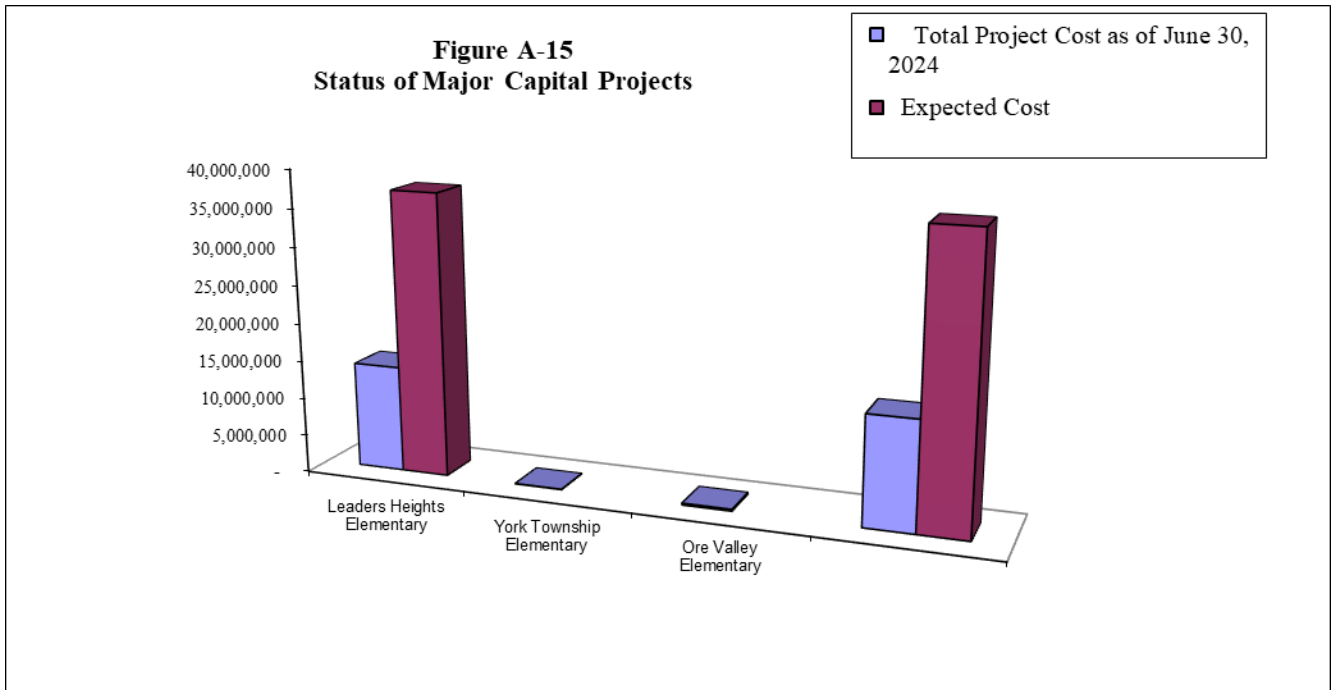
	6/30/2024	6/30/2023
Cash and Cash Equivalents	\$ 15,298	\$ 247,824
Investments	43,218,955	37,071,603
Total assets	\$ 43,234,253	\$ 37,319,427
Accounts Payable	\$ 2,141,261	\$ 765,530
Due to Other Funds	-	1,065
Total liabilities	\$ 2,141,261	\$ 766,595
Restricted Fund Balance	\$ 41,092,992	\$ 36,552,832
Fund Balance	\$ 41,092,992	\$ 36,552,832

Figure A-14
Fiscal Years Ended June 30, 2024, and June 30, 2023
Statement of Revenues, Expenses and Changes in Fund Balance - Capital Projects Fund

	6/30/2024	6/30/2023
Revenues		
Local Sources	\$ 2,100,705	\$ 1,065,255
Total revenues	\$ 2,100,705	\$ 1,065,255
Expenditures		
Current:		
Support services	\$ -	\$ -
Capital outlay	10,995,830	6,983,344
Debt service	-	-
Bond issue costs	-	-
Total expenditures	\$ 10,995,830	\$ 6,983,344
Other Financing Sources (Uses)		
Transfers in (out)	\$ 3,800,000	\$ 2,775,000
Proceeds from issuance of debit	9,995,000	-
Bond Issue Premium	(359,715)	-
Total other financing sources	\$ 13,435,285	\$ 2,775,000
Net changes in fund balance	\$ 4,540,160	\$ (3,143,089)
Fund Balances:		
Beginning	36,552,832	39,695,921
Ending	\$ 41,092,992	\$ 36,552,832

During fiscal year ending 2024, the District continued the Leaders Heights Elementary project and is beginning the cost analysis of projects at York Township and Ore Valley Elementary schools.

Refer to Figure A-15 for the status of the current capital projects as of the fiscal year ended 2024.



GENERAL FUND BUDGETARY HIGHLIGHTS




The original budget for the fiscal year ending 2024 anticipated a deficit of \$429 thousand. The actual results for the year were that revenues exceeded budget by \$6.975 million and expenses exceeded the budget by \$4.644 million for an addition to fund balance of \$1.901 million.

Refer to Figure A-16 for a comparison of Budget to Actual by revenue source type.

Figure A-16
Fiscal Year Ended June 30, 2024
Comparison of General Fund Revenues - Budget to Actual

	Budget	Actual	\$ Change	% Change
Local Revenues	\$ 90,937,462	\$ 91,887,225	\$ 949,763	1.03%
State Revenues	34,905,902	39,318,147	4,412,245	11.22%
Federal Revenues	1,037,467	2,527,989	1,490,522	58.96%
Other Financing Sources	7,500	129,984	122,484	94.23%
	<u>\$ 126,888,331</u>	<u>\$ 133,863,345</u>	<u>\$ 6,975,014</u>	<u>5.21%</u>

General Fund revenues resulted in a positive variance. Refer to the reasons as summarized below.

-  The district saw an increase over budget of \$972 thousand dollars in interest earnings due to rising rates since the beginning of fiscal year 2023.
-  The 11% increase in state revenue is related to the Basic Education Subsidy and the state share of retirement contributions.
-  The large increase in federal revenues was due to the receipt of cash for several grants through Elementary and Secondary School Relief (ESSER) funding.

Refer to Figure A-17 for a comparison of Budget to Actual by major object.

Figure A-17
Fiscal Year Ended June 30, 2024
Comparison of General Fund Expenditures by Major Object - Original Budget to Actual

		Budget	Actual	\$ Change	% Change
100	Salaries	\$ 56,244,721	55,684,097	\$ (560,624)	-1.00%
200	Benefits	34,630,233	33,711,721	(918,512)	-2.65%
300	Purchased Prof. & Tech Services	4,912,112	5,177,510	265,398	5.40%
400	Purchased Property Services	1,273,557	1,775,177	501,621	39.39%
500	Other Purchased Services	14,361,278	15,097,044	735,766	5.12%
600	Supplies	4,676,976	5,402,173	725,198	15.51%
700	Equipment	1,246,870	2,288,214	1,041,344	83.52%
800	Other Objects	4,614,120	4,830,537	216,417	4.69%
900	Other Uses of Funds	5,358,000	7,996,105	2,638,105	49.24%
		<u>\$ 127,317,866</u>	<u>\$ 131,962,579</u>	<u>\$ 4,644,713</u>	<u>3.65%</u>

The .62% variance can be explained by the following:

- 🐾 The majority of the 1% variance in salaries is due to several open positions throughout the District.
- 🐾 Other purchased services saw a 5% increase due to a reworked transportation contract to ensure competitive wages.
- 🐾 An increase in other uses of funds due to a transfer to the capital projects fund to allow for future capital improvements.

CAPITAL ASSET AND DEBT ADMINISTRATION




Capital Assets

In fiscal years ended 2024 and 2023, the Dallastown Area School District invested \$132.398 million and \$125.067 million (net of accumulated depreciation) in capital assets including land, buildings and improvements, furniture, and equipment. The increase of \$7.331 million includes additions, dispositions, and depreciation.

Capital assets of the District are defined as tangible property having a useful life of one year or more and an acquisition cost of \$5,000 or more per unit or a group threshold of \$10,000 or more. The acquisition cost is defined as the net invoice price of the equipment, including the cost of modifications, attachments, and accessories. Other such charges as the cost of the installation and transportation shall be included in determining the acquisition cost.

During fiscal year ended 2024, the District completed the secondary campus project, secondary campus roof, and the pool filter replacement. On-going projects include the Leaders Heights Elementary project as well as York Township and Ore Valley Elementary projects.

Additional major capital asset purchases during fiscal year ended 2024 include the following:

-  Chromebooks
-  Staff laptops
-  District vehicles

Refer to Figure A-18 for a comparison of fiscal years.

Figure A-18
Fiscal Years Ended June 30, 2024, and June 30, 2023
Capital Assets (net of depreciation)

	2024	2023	Change
Governmental Activities			
Land	\$ 4,435,857	\$ 4,435,857	\$ -
Construction-in-progress	9,387,710	10,783,851	(1,396,141)
Buildings and building improvements	112,686,486	104,877,645	7,808,841
Furniture and equipment	5,389,016	4,304,915	1,084,101
Right to use assets	498,968	664,279	(165,311)
Total governmental activities - capital assets	\$ 132,398,037	\$ 125,066,547	\$ 7,331,490
Business-Type Activities			
Construction-in-progress	\$ -	\$ -	\$ -
Furniture and equipment	498,670	196,150	302,520
Total governmental activities - capital assets	\$ 498,670	\$ 196,150	\$ 302,520

Additional information about capital assets can be found in Note 7 of this report.

Long-term debt

In the fiscal year ended 2024, the District had outstanding debt of \$95.166 million. Of the \$95.166 million, \$94.655 million is bond debt. In the fiscal year ended 2023, the District had outstanding bond debt of \$89.253 million. The increase is due to the issuance of the Series of 2023 bond in the amount of \$9.995 million.

The District made payments against principal during fiscal year ended 2024 of \$4.552 million on bonds.

Refer to Figure A-19 for a comparison of the long-term debt outstanding for fiscal years ending 2024 and 2023.

Figure A-19
Fiscal Years Ended June 30, 2024, and June 30, 2023
Long-Term Debt

	2024	2023
<i>General Obligation Bonds</i>		
Series 2017	\$ 54,160,000	\$ 58,070,000
Series 2021	2,385,000	2,390,000
Series 2022	28,120,000	28,125,000
Series 2023	9,990,000	-
Total	\$ 94,655,000	\$ 88,585,000

The District also made \$387,984 thousand in annual lease payments (principal and interest) to the York County School of Technology for the General Obligation Notes, Series 2007. These bonds were refunded with Lease Revenue Bonds, Series A & B of 2017 issued during June 2017. As of fiscal year, ended 2024, the financial obligation due by the Dallastown Area School District to the York County School of Technology is \$1.527 million. The financial obligation is updated yearly to reflect the most recent State Tax Equalization Board (STEB) values.

Other long-term obligations include accrued personal and sick leave for specific employees of the school District, other post-employment benefits, the District’s share of the PSERS net pension liability and a contingency reserve that runs through fiscal year ended 2037.

More detailed information about the District’s long-term debt can be found in Note 10 of this report.

ECONOMIC FACTORS AND NEXT YEARS BUDGET AND RATES

2024-2025 Budget

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

The Board of School Directors reviews budget to actual reports with comparable previous year’s data at Board meetings. The Finance Committee is provided with monthly updates regarding the budget and projected actuals. Anticipated expenditure and revenue deviations from budget are highlighted during the report. Budget modifications are made several times a year by department heads with modifications over \$10 thousand requiring an explanation and sign-off from the Superintendent. The Board of School Directors is provided with line-item changes and explanations at Board meetings.

The 2024-2025 millage rate will be 25.686 with a small expected surplus of \$8 thousand. The District has only raised taxes four times in the last thirteen years by utilizing cost cutting measures and revenue enhancements.

The collectible tax assessed valuations as of July 2024 are \$3.352 billion which is a 5% increase in net assessment.

The General Fund revenue budget for fiscal year ending 2025 is \$132.393 million which is \$5.075 million more than fiscal year ended 2024. The increase in budget-to-budget revenue is predominately related to the increase in the Basic Education Funding subsidy.

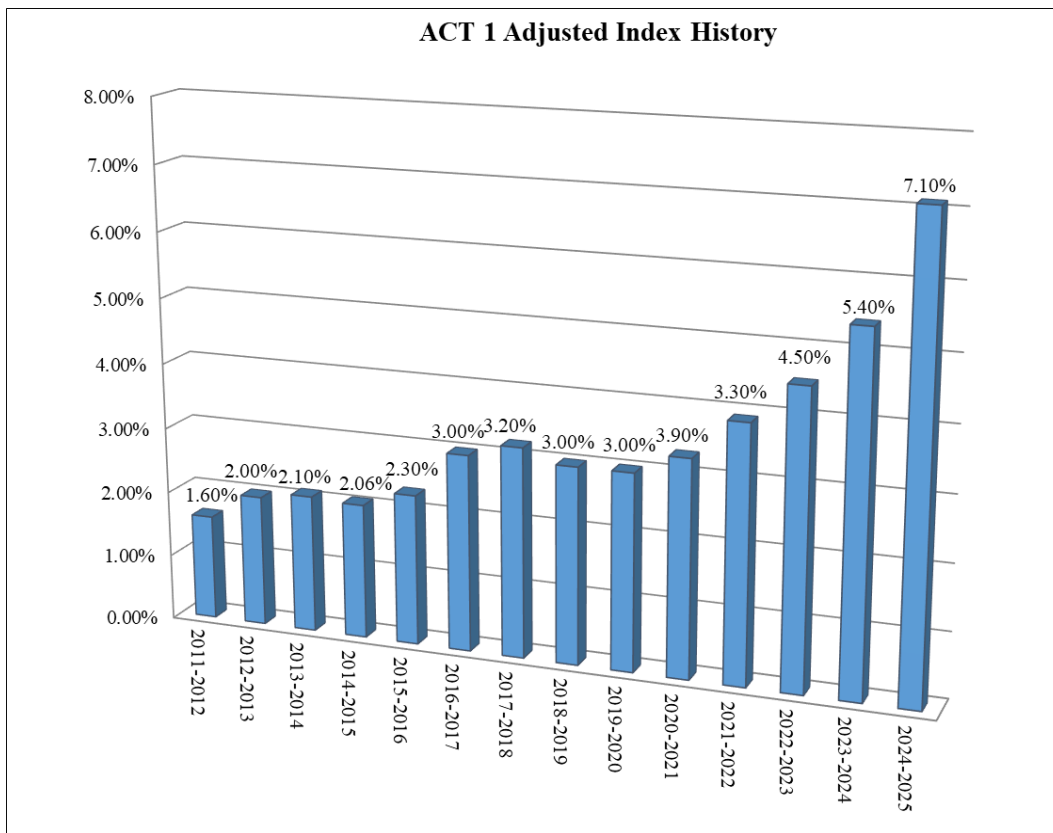
The three largest revenue sources are regular real estate taxes, the Basic Education Subsidy, and the State Share of Retirement Contributions. These three revenue streams comprise 79% of the total budget.

The District is a service organization dedicated to student achievement both educationally and socially. As a result of that the largest areas on the expenditure side are salaries and benefits consisting of 72% of the total budget. Tuition outside the District, including through the Lincoln Intermediate Unit, transportation and debt comprise an additional 19%, leaving only 9% of the remaining funds for all other operations.

The General Fund expenditure budget for the fiscal year ending 2025 is \$132.385 million which is \$5.067 million or 4% more than the fiscal year ended 2023 budget. The increase in budget-to-budget expenses is predominately related to three items: salaries, other purchased services, and other uses of funds.

Act 1

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



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

The law intends to cap the financial burden of home ownership by providing school Districts the means to lower property taxes to homeowners, especially senior citizens. The legislation is complex, setting rules for gaming

revenue allocations, requiring front-end voter referenda on tax shifting, mandating new school District budget restrictions, and requiring back-end voter referenda on future real estate tax increases above the index.

The state is still anticipating gaming will generate \$1 billion each year for local property tax relief. The intent of Act 1 is that school Districts will receive property tax reduction allocations when the gaming revenues reach \$500 million, and the Lottery Fund is repaid. Once the minimum level is obtained, allocations to school Districts will be State formula driven. The State will in rank order, assign each school District a numerical rank and assign a tax reduction index to calculate the proper tax reduction allocation. The District is eligible to receive the allocation unless its Board of School Directors, by resolution, rejects the allocation. If the school board rejects the allocation, a referendum is submitted to the voters to determine whether they favor the school District receiving a property tax reduction allocation.

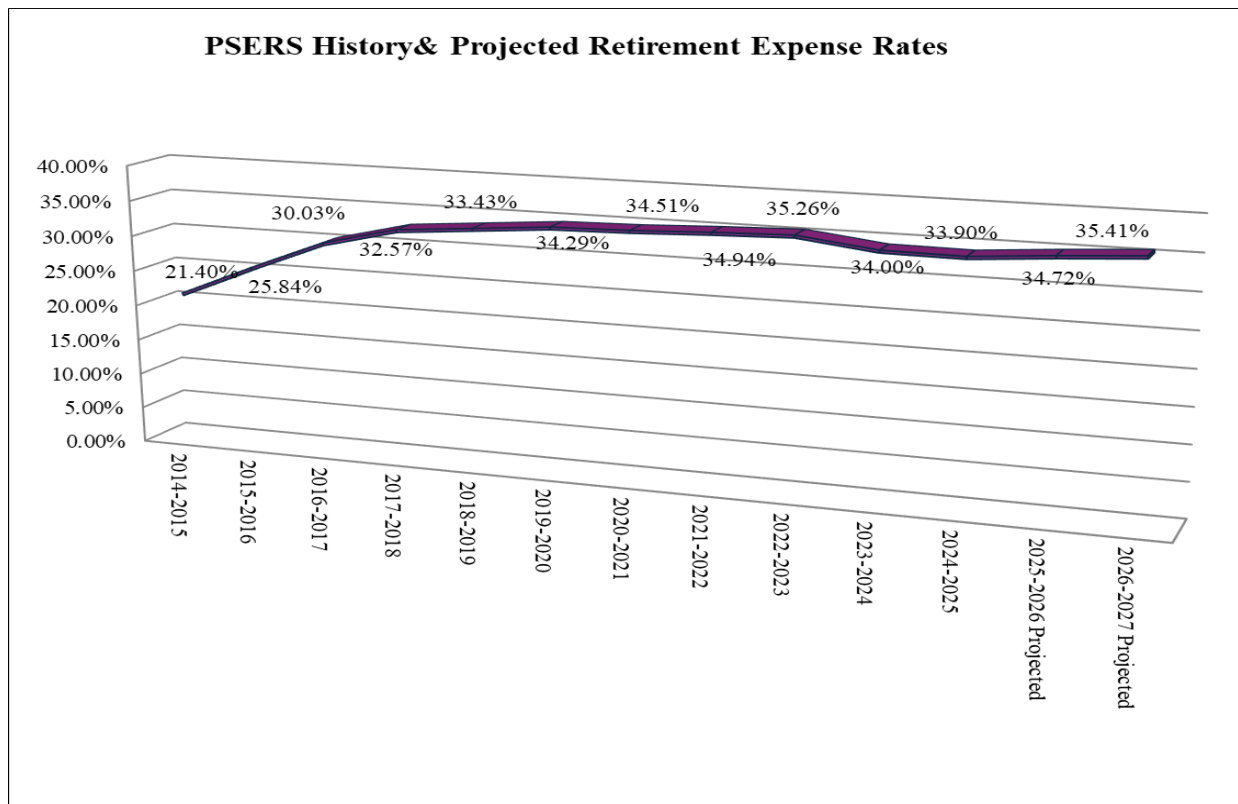
There are referendum exceptions built into Act I should the District need to raise taxes beyond the adjusted index. The exception categories provide partial relief for increase in the cost of special education, retirement and health care expenses, emergencies and disasters and some school construction projects. It is anticipated that most school Districts will be requesting relief through some of the exceptions.

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

PSERS

PSERS set the rate for the fiscal year ending 2025 at 33.9%, a .01% decrease over the 2024 rate of 34%. However, due to the economic climate over the last couple of years, actuarial projections anticipate the PSERS rate climbing to 37.15% by the fiscal year ended 2030.

Refer to the chart below for past rates and actuarial projections.



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

REQUESTS FOR INFORMATION

The financial report is designed to provide our citizens, taxpayers, investors, and creditors, with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about this report or need additional information, please contact Gary Levin, Director of Accounting Services or Kurt Rohrbaugh, MBA, Director of Business Operations, at (717) 244-4021 or by mail at the Dallastown Area School District, 700 New School Lane, Dallastown, PA, 17313.

DALLASTOWN AREA SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2024

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 4,627,504	\$ 1,200,626	\$ 5,828,130
Restricted cash and cash equivalents	14,423	-	14,423
Investments	14,441,096	3,106,122	17,547,218
Restricted investments	43,218,955	-	43,218,955
Receivables, net	8,448,426	31,501	8,479,927
Prepaid expenses	153,246	-	153,246
Inventories	-	38,082	38,082
Capital assets:			
Land and construction in progress	13,823,567	-	13,823,567
Other capital assets, net of depreciation	118,574,470	498,670	119,073,140
Total capital assets	132,398,037	498,670	132,896,707
Total Assets	203,301,687	4,875,001	208,176,688
Deferred Outflows of Resources			
Deferred amounts on pension liability	27,436,390	-	27,436,390
Deferred amounts on OPEB liabilities	4,654,498	-	4,654,498
Total Deferred Outflows of Resources	32,090,888	-	32,090,888
Liabilities			
Accounts payable and accrued expenses	12,194,120	180,026	12,374,146
Internal balances	(1,917,139)	1,917,139	-
Unearned revenues	-	58,858	58,858
Long-term liabilities:			
Due within one year	5,089,497	-	5,089,497
Due in more than one year	100,508,817	-	100,508,817
Net pension liability	155,836,000	-	155,836,000
Net OPEB liabilities	25,026,190	-	25,026,190
Total long-term liabilities	286,460,504	-	286,460,504
Total Liabilities	296,737,485	2,156,023	298,893,508
Deferred Inflows of Resources			
Deferred amounts on pension liability	3,725,000	-	3,725,000
Deferred amounts on OPEB liabilities	7,221,096	-	7,221,096
Total Deferred Inflows of Resources	10,946,096	-	10,946,096
Net Position			
Net investment in capital assets	27,527,221	498,670	28,025,891
Restricted	34,517,992	-	34,517,992
Unrestricted	(134,336,219)	2,220,308	(132,115,911)
Total Net Position	\$ (72,291,006)	\$ 2,718,978	\$ (69,572,028)

The notes to basic financial statements are an integral part of this statement.

DALLASTOWN AREA SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction	\$ 81,212,215	\$ 187,767	\$ 16,797,047	\$ -	\$ (64,227,401)	\$ -	\$ (64,227,401)
Instructional student support	9,871,508	-	2,016,398	-	(7,855,110)	-	(7,855,110)
Administration and financial services	9,518,893	-	1,208,002	-	(8,310,891)	-	(8,310,891)
Operation and maintenance of plant services	9,269,575	15,730	722,161	-	(8,531,684)	-	(8,531,684)
Pupil transportation	6,323,114	-	2,172,383	-	(4,150,731)	-	(4,150,731)
Student activities	1,768,865	199,200	198,129	-	(1,371,536)	-	(1,371,536)
Community services	139,238	92,333	84,636	-	37,731	-	37,731
Interest on long-term debt	4,344,015	-	868,352	-	(3,475,663)	-	(3,475,663)
Total governmental activities	122,447,423	495,030	24,067,108	-	(97,885,285)	-	(97,885,285)
Business-Type Activities:							
Food services	4,227,865	1,517,566	2,881,390	-	-	171,091	171,091
Total Primary Government	\$ 126,675,288	\$ 2,012,596	\$ 26,948,498	\$ -	\$ (97,885,285)	\$ 171,091	\$ (97,714,194)
General revenues:							
Property taxes, levied for general puposes, net					\$ 78,469,435	\$ -	\$ 78,469,435
Public utility, realty transfer, earned income, and per capita taxes for general purposes, net					9,181,402	-	9,181,402
Grants, subsidies and contributions not restricted					19,599,813	-	19,599,813
Investment earnings					4,094,766	130,082	4,224,848
Miscellaneous income					71,417	-	71,417
Transfer					(3,608)	3,608	-
Total general revenues and transfers					111,413,225	133,690	111,546,915
Change in Net Position					13,527,940	304,781	13,832,721
Net Position:							
Beginning of year					(85,818,946)	2,414,197	(83,404,749)
End of year					\$ (72,291,006)	\$ 2,718,978	\$ (69,572,028)

The notes to basic financial statements are an integral part of this statement.

DALLASTOWN AREA SCHOOL DISTRICT

BALANCE SHEET GOVERNMENTAL FUNDS

JUNE 30, 2024

<u>Assets</u>	Major Funds		<u>Total</u>
	General Fund	Capital Projects Fund	
Cash and cash equivalents	\$ 4,627,504	\$ -	\$ 4,627,504
Restricted cash and cash equivalents	-	14,423	14,423
Investments	14,441,096	-	14,441,096
Restricted investments	-	43,218,955	43,218,955
Due from other governments	7,124,205	-	7,124,205
Taxes receivable	1,099,082	-	1,099,082
Due from other funds	1,544,727	875	1,545,602
Prepaid expenses	43,228	-	43,228
Total Assets	\$ 28,879,842	\$ 43,234,253	\$ 72,114,095
Liabilities, Deferred Inflows of Resources, and Fund Balance			
<u>Liabilities:</u>			
Accounts payable	\$ 1,182,423	\$ 2,141,261	\$ 3,323,684
Accrued salaries and benefits	6,611,289	-	6,611,289
Total Liabilities	7,793,712	2,141,261	9,934,973
<u>Deferred Inflows of Resources:</u>			
Unavailable revenue - taxes	905,186	-	905,186
<u>Fund Balances:</u>			
Nonspendable	43,228	-	43,228
Restricted	-	34,517,992	34,517,992
Assigned	9,590,177	6,575,000	16,165,177
Unassigned	10,547,539	-	10,547,539
Total Fund Balance	20,180,944	41,092,992	61,273,936
Total Liabilities, Deferred inflows of Resources, and Fund Balance	\$ 28,879,842	\$ 43,234,253	\$ 72,114,095

The notes to basic financial statements are an integral part of this statement.

DALLASTOWN AREA SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2024

Total Fund Balance - Governmental Funds	\$ 61,273,936
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	132,398,037
An Internal Service Fund is used by the District to charge certain health benefit costs to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the statement of net position. The change is equal to the Internal Service Fund net position.	(456,549)
Property taxes and earned income taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures; therefore, they are deferred inflows of resources in the funds.	905,186
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 footnote for detail):	
Deferred outflows	27,436,390
Deferred inflows	(3,725,000)
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 the OPEB are as follows (see footnote for detail):	
Deferred outflows	4,654,498
Deferred inflows	(7,221,096)
Long-term liabilities, as denoted below; are not due and payable in the current period, and therefore, they are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
Bonds payable, net of related discounts and premiums	\$ (102,218,548)
Accrued interest	(1,095,904)
Lease liability	(380,300)
Subscription liability	(130,707)
Reserve for loss contingencies	(1,300,000)
Net pension liability	(155,836,000)
OPEB liabilities	(25,026,190)
Compensated absences	(1,568,759)
	(287,556,408)
Total Net Position - Governmental Activities	\$ (72,291,006)

The notes to basic financial statements are an integral part of this statement.

DALLASTOWN AREA SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2024

	General Fund	Capital Projects Fund	Total
Revenues:			
Local sources	\$ 91,887,225	\$ 2,100,705	\$ 93,987,930
State sources	39,318,147	-	39,318,147
Federal sources	2,527,989	-	2,527,989
Total revenues	133,733,361	2,100,705	135,834,066
Expenditures:			
Current:			
Instruction	80,024,343	-	80,024,343
Support services	34,789,732	-	34,789,732
Operation of noninstructional services	1,888,237	-	1,888,237
Capital outlay	2,696,430	10,995,830	13,692,260
Debt service:			
Principal	4,192,497	-	4,192,497
Interest	4,567,732	-	4,567,732
Total expenditures	128,158,971	10,995,830	139,154,801
Excess (Deficiency) of Revenues over Expenditures	5,574,390	(8,895,125)	(3,320,735)
Other Financing Sources (Uses):			
Transfers out	(3,803,608)	-	(3,803,608)
Transfers in	-	3,800,000	3,800,000
Sale of capital assets	16,547	-	16,547
Proceeds from issuance of debt	-	9,995,000	9,995,000
Proceeds from SBITA issuance	113,437	-	113,437
Debt issuance costs	-	(152,404)	(152,404)
Bond issue discount	-	(207,311)	(207,311)
Total other financing sources (uses)	(3,673,624)	13,435,285	9,761,661
Net Change in Fund Balance	1,900,766	4,540,160	6,440,926
Fund Balance:			
Beginning of year	18,280,178	36,552,832	54,833,010
End of year	\$ 20,180,944	\$ 41,092,992	\$ 61,273,936

The notes to basic financial statements are an integral part of this statement.

DALLASTOWN AREA SCHOOL DISTRICT

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

YEAR ENDED JUNE 30, 2024

Net Change in Fund Balance - Governmental Funds		\$ 6,440,926
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the costs of those assets are allocated over their useful lives as depreciation expense. This is the net effect of these items in the current period:</p>		
Capital outlays	\$ 13,394,984	
Less: amortization and depreciation expense	<u>(6,075,403)</u>	7,319,581
<p>The change in net position in the Internal Service Fund is reported with governmental activities.</p>		
		(454)
<p>Because some taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred inflows of resources changed by this amount this year.</p>		
		23,901
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. In addition, refunding losses, bond premiums, and discounts are recognized as interest throughout the lives of the related obligations. The difference in interest accrued in the statement of activities over the amount due is shown here.</p>		
		(250,531)
<p>Governmental funds report District pension and OPEB contributions as expenditures. However in the statement of activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as pension and OPEB expense.</p>		
District pension and OPEB contributions (PSERS)		18,235,457
Cost of benefits earned net of employee contributions (PSERS)		(12,760,977)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.</p>		
Change in compensated absences		76,854
Change in other post-employment benefits (District's plan)		(590,527)
Change in reserve for loss contingencies		100,000
<p>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.</p>		
Repayment of long-term debt	3,925,000	
Amortization of bond premiums and discounts - net	626,652	
Issuance of debt and SBITA's, net	(9,901,126)	
Repayment of lease liability	104,961	
Repayment of SBITA liability	<u>178,223</u>	<u>(5,066,290)</u>
Change in Net Position of Governmental Activities		<u><u>\$ 13,527,940</u></u>

The notes to basic financial statements are an integral part of this statement.

DALLASTOWN AREA SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND

YEAR ENDED JUNE 30, 2024

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Local sources	\$90,937,462	\$90,937,462	\$91,887,225	\$ 949,763
State sources	34,905,902	34,905,902	39,318,147	4,412,245
Federal sources	1,037,467	1,037,467	2,527,989	1,490,522
Total Revenues	126,880,831	126,880,831	133,733,361	6,852,530
Expenditures:				
Current:				
Instruction	81,297,472	81,301,472	80,024,343	1,277,129
Support services	33,361,340	33,361,340	34,789,732	(1,428,392)
Operation of noninstructional services	2,029,694	2,029,694	1,888,237	141,457
Capital outlay	900,000	900,000	2,696,430	(1,796,430)
Debt service	9,729,360	9,729,360	8,760,229	969,131
Total expenditures	127,317,866	127,321,866	128,158,971	(837,105)
Excess (Deficiency) of Revenues over Expenditures	(437,035)	(441,035)	5,574,390	6,015,425
Other Financing Sources (Uses):				
Transfers out	-	-	(3,803,608)	(3,803,608)
Sale of capital assets	7,500	7,500	16,547	9,047
Proceeds from SBITA issuance	-	-	113,437	113,437
Total other financing sources (uses)	7,500	7,500	(3,673,624)	(3,681,124)
Net Change in Fund Balance	\$ (429,535)	\$ (433,535)	1,900,766	\$ 2,334,301
Fund Balance - Beginning of Year			18,280,178	
Fund Balance - End of Year			<u>\$20,180,944</u>	

See accompanying notes to required supplementary information.

DALLASTOWN AREA SCHOOL DISTRICT

STATEMENT OF NET POSITION PROPRIETARY FUND

JUNE 30, 2024

	Enterprise Fund Food Service	Internal Service Medical Insurance
Assets		
<hr/>		
Current assets:		
Cash and cash equivalents	\$ 1,200,626	\$ -
Investments	3,106,122	-
Prepaid expenses	-	110,018
Receivables:		
Other	31,501	225,139
Due from other funds	-	371,537
Inventories	38,082	-
Total current assets	4,376,331	706,694
Noncurrent assets:		
Other capital assets, net of depreciation	498,670	-
Total Assets	4,875,001	706,694
Liabilities		
<hr/>		
Current liabilities:		
Accounts payable	180,026	350,244
Other current liabilities	-	812,999
Due to other funds	1,917,139	-
Unearned revenues	58,858	-
Total Liabilities	2,156,023	1,163,243
Net Position		
<hr/>		
Net investment in capital assets	498,670	-
Unrestricted	2,220,308	(456,549)
Total Net Position	\$ 2,718,978	\$ (456,549)

The notes to basic financial statements are an integral part of this statement.

DALLASTOWN AREA SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUND

YEAR ENDED JUNE 30, 2024

	Enterprise Fund Food Service	Internal Service Medical Insurance
Operating Revenues:		
Food service revenue	\$ 1,517,566	\$ -
Contributions	-	11,519,617
Total operating revenues	1,517,566	11,519,617
Operating Expenses:		
Supplies	401,032	-
Salaries	71,106	-
Purchased property services	49,652	-
Other purchased services	3,627,831	-
Depreciation	61,328	-
Other operating expenses	16,916	-
Insurance claims	-	9,883,791
Fees	-	1,640,737
Total operating expenses	4,227,865	11,524,528
Net Operating Income (Loss)	(2,710,299)	(4,911)
Non-operating Revenues:		
Investment earnings	130,082	4,457
State sources	513,979	-
Federal sources	2,367,411	-
Total non-operating revenues	3,011,472	4,457
Income (loss) before transfers	301,173	(454)
Transfer in	3,608	-
Change in Net Position	304,781	(454)
Net Position:		
Beginning of year	2,414,197	(456,095)
End of year	\$ 2,718,978	\$ (456,549)

The notes to basic financial statements are an integral part of this statement.

DALLASTOWN AREA SCHOOL DISTRICT

STATEMENT OF CASH FLOWS PROPRIETARY FUND

YEAR ENDED JUNE 30, 2024

	Enterprise Fund Food Service	Internal Service Medical Insurance
Cash Flows From Operating Activities:		
Cash received from meal sales	\$ 1,467,128	\$ -
Cash received from charges for services	-	11,576,694
Cash payments for goods and services	(2,398,143)	(1,750,755)
Cash payments to employees for services	-	(10,020,275)
Net cash provided by (used in) operating activities	(931,015)	(194,336)
Cash Flows From Capital and Related Financing Activities:		
Purchase of capital assets	(363,848)	-
Cash Flows From Non-Capital Financing Activities:		
State sources	513,979	-
Federal sources	2,033,626	-
Transfers	3,608	-
Net cash provided by (used in) non-capital financing activities	2,551,213	-
Cash Flows From Investing Activities:		
Purchase of investments	(3,106,122)	-
Investment earnings	130,082	4,457
Net cash provided by (used in) investing activities	(2,976,040)	4,457
Net Increase (Decrease) in Cash and Cash Equivalents	(1,719,690)	(189,879)
Cash and Cash Equivalents:		
Beginning of year	2,920,316	189,879
End of year	\$ 1,200,626	\$ -
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities:		
Operating loss	\$ (2,710,299)	\$ (4,911)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	61,328	-
Value of donated commodities	333,785	-
(Increase) decrease in:		
Receivables	(31,281)	(200,147)
Prepaid expense	-	(110,018)
Inventories	14,004	-
Due from other funds	321,137	257,224
(Decrease) increase in:		
Accounts payable	177,251	(53,308)
Other current liabilities	-	(83,176)
Due to other funds	922,217	-
Unearned revenue	(19,157)	-
Net cash provided by (used in) operating activities	\$ (931,015)	\$ (194,336)
Noncash noncapital financing activity:		
USDA donated commodities	\$ 333,785	\$ -

The notes to basic financial statements are an integral part of this statement.

DALLASTOWN AREA SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2024

	Private Purpose Trust Fund	Custodial Fund Student Activities
Assets		
Cash and cash equivalents	\$ -	\$ 289,651
Investments	43,511	-
Total assets	43,511	289,651
Net Position		
Restricted for student activities	-	289,651
Restricted for scholarships	43,511	-
Total net position	\$ 43,511	\$ 289,651

The notes to basic financial statements are an integral part of this statement.

DALLASTOWN AREA SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS

YEAR ENDED JUNE 30, 2024

	Private Purpose Trust Fund	Custodial Fund Student Activities
Additions:		
Gifts and contributions	\$ 42,667	\$ 422,002
Interest	844	-
Total additions	43,511	422,002
Deductions:		
Student programs	-	438,917
Change in Net Position	43,511	(16,915)
Net Position:		
Beginning of year	-	306,566
End of year	\$ 43,511	\$ 289,651

The notes to basic financial statements are an integral part of this statement.

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

1. Summary of Significant Accounting Policies

Dallastown Area School District (the District) was formed in 1966, under the provisions of P.L. 564, the School District Reorganization Act of 1963 of the Commonwealth of Pennsylvania. The District operates a public-school system that encompasses six municipalities in York County. The governing body of the District is 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:

Reporting Entity

In evaluating the District as a reporting entity, management has addressed all potential component units which may or may not fall within the District's financial accountability. The criteria used to evaluate component units for possible inclusion as part of the District's reporting entity are financial accountability and the nature and significance of the relationship. This report presents the activities of the District. The District is not a component unit of another reporting entity, nor does it have any component units that are required to be included in this presentation. The District did consider its relationship with the Dallastown Area Education Foundation but determined the overall impact of the Foundation to be insignificant to the operations to the District and to this presentation. The District does, however, participate in jointly governed organizations which are described in Note 11.

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. The significant effects of interfund activity have been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The District complies with GAAP and applies all relevant GASB pronouncements.

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

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

or decreased net position. Depreciation is charged as an expense against current operations, and accumulated depreciation is reported in the Statement of Net Position.

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

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

The District reports the following major governmental funds:

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

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the acquisition, construction, or improvement of major capital facilities (other than those financed by proprietary funds).

The District operates two proprietary funds, the Food Service Fund and Medical Insurance Fund. Proprietary funds are used to account for activities that are similar to those often

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

found in the private sector. The measurement focus is upon determination of net income and capital maintenance.

The Food Service Fund accounts for the activities of the District's food-service program. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal, on-going operations. The principal operating revenues of the District's proprietary fund are food-service charges. Operating expenses for the District's proprietary fund include food-production costs, supplies, administrative costs, and depreciation on capital assets. All revenues or expenses not meeting these classifications are reported as non-operating revenues and expenses. The District allocates certain building-related costs, such as extermination and custodial fees, to the Food Service Fund.

The Medical Insurance Fund is an internal service fund that accounts for the transactions surrounding the District's self-insuring of the District's medical claims and related fees.

The District maintains the following fiduciary fund types:

Custodial Fund - Student Activities - The Student Activities Fund accounts for assets held by the District as an agent for various student groups. The Student Activities Fund accounts for the resources authorized by Section 511 of the Public-School Code of 1949 for school publications and organizations.

Private-Purpose Trust Fund - this fund is used to report all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The Waltemeyer Trust Fund accounts for resources that are to be used to set up a scholarship fund for students of Dallastown High School who attend Pennsylvania State University.

Fiduciary funds are also accounted for using the accrual basis of accounting.

Budget and Budgetary Accounting

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

DALLASTOWN AREA SCHOOL DISTRICT

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YEAR ENDED JUNE 30, 2024

Code allows the School Board to authorize budget-transfer amendments during the last nine months of each fiscal year.

For the year ended June 30, 2024, funds sufficient to provide for any excess expenditures over appropriations were made available from excess revenues and other financing sources and other functions within the General Fund.

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Fund Balance

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

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

Inventories: Inventories in the proprietary fund are generally presented at the lower of cost or market on a first-in, first-out basis, and are expensed when used. Inventories consist of certain government-donated commodities which were valued at estimated fair market value, as well as purchased commodities and supplies.

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

Capital Assets and Depreciation: Capital assets; which include property, plant and equipment, and infrastructure assets; are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are capitalized in accordance with board policy at the discretion of management. Management considers various factors in the capitalization of assets, including the assets' estimated useful lives, costs, and the extents to which the assets are part of larger capital projects. The established procedures state that individual assets with costs greater than \$5,000 and group assets costing greater than \$10,000 are to be capitalized. Buildings and land improvements are capitalized at a cost of \$25,000 or greater, and modular classrooms are capitalized at \$10,000. The donated capital assets are recorded at acquisition values on the dates of donation.

The costs of normal maintenance and repairs that do not add to the values of the assets or materially extend assets' lives are not capitalized.

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

Depreciation is provided for capital assets on the straight-line basis over the following estimated useful lives:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Land improvements	20	N/A
Buildings and improvements	15-50	N/A
Right-to-use leased equipment	5-20	N/A
Right-to-use subscription asset	3-5	N/A
Machinery and equipment	5-20	5-20

Deferred Outflows of Resources – Pensions and Other Post-Employment Benefits: In conjunction with pension and OPEB accounting requirements, differences between expected and actual experience, changes in assumptions, the effect of the change in the School District's proportion, the net difference between expected and actual investment earnings, and payments made to the plans subsequent to the measurement date are recorded as a deferred inflow or outflow of resources related to pensions or OPEBs on the government-wide financial statements. These amounts are determined based on actuarial valuations performed for each plan. Notes 13 through 15 present additional information about the School District's pension and OPEB plans.

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 activities columns in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the lives of the related bonds. Retainage payable is recognized when it is paid.

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

In the government-wide financial statements, long-term liabilities related to postemployment benefits, including pensions, health insurance, and life insurance are calculated based on actuarial valuations as described in Notes 13 through 15.

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

Leases

The District is a lessee for a noncancellable equipment lease and two car leases. The District recognizes a lease liability and an intangible right-to-use lease asset in the financial statements.

At the commencement of the 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. 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 estimated incremental borrowing rate as the discount rate for leases. 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 noncancellable period of the lease. Lease payments included in the measurement of the lease liability.

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.

Subscription Based Information Technology Agreements (SBITA)

The District is a lessee for noncancellable software subscriptions. The District recognizes a subscription liability and an intangible right-to use subscription asset (subscription asset) as part of capital assets, net of accumulated depreciation on the Statement of Net Position.

At the commencement of a subscription, the District initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for payments made at or before the commencement date,

DALLASTOWN AREA SCHOOL DISTRICT

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YEAR ENDED JUNE 30, 2024

plus certain indirect costs. Subsequently, the subscription asset is amortized on the straight-line basis over its useful life.

Key estimates and judgements related to subscription liabilities includes how the District determines (1) the discount rate it uses to discount the expected contract payments to present value, (2) subscription term, and (3) subscription 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 subscription contracts.
- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the liability are composed of fixed payments and purchase options price the District is reasonably certain to exercise.

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

Subscription assets are reported with capital assets and subscription liabilities are reported with long term liabilities on the Statement of Net Position.

Compensated Absences: The District provides for the accumulation and payout of sick pay upon the retirement of employees who retire under the terms of the District's collective-bargaining agreements. Teachers, administrators, and support employees are eligible to receive a per-diem amount for all accumulated sick days.

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

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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

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

Additional disclosures related to other post-employment benefits of the District's Single Employer Plan and PSERS Cost Sharing Plan are in Notes 14 and 15, respectively.

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

Unearned revenues: Advance payments for meals made by students and adults that has not been earned by the school district.

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

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

Deferred Inflows of Resources – Pensions and Other Post-Employment Benefits: The District recognizes the difference between the changes in assumptions, changes in proportion, the difference between employer contributions, proportionate share of total contributions and expected and actual experience as deferred inflows of resources. These amounts are amortized over the average remaining service lives of active and inactive members.

Fund Balance

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

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

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

Committed: Represents fund balance amounts that can only be used for specific purposes pursuant to the constraints imposed by the Board of School Directors, the District's highest level of decision-making authority. A formal vote by the Board of School Directors is required to impose funds as committed, as well as to modify or rescind previously-committed funds.

Assigned: Represents fund balance amounts that are constrained by the government's intent to be used for a specific purpose but are neither restricted nor committed. Through Board Policy 620, the Board has delegated the authority to express intent to the District's Business Manager. As of June 30, 2024, the District has the following included in assigned fund balance of the General fund: \$5,048,192 assigned for capital projects, and \$4,541,985 assigned for health insurance reserve. As of June 30, 2024, the District has assigned fund balance of \$6,575,000 in Capital Projects fund for future capital projects.

Unassigned: Represents fund balance amounts that have not been restricted, committed, or assigned to specific purposes within the General Fund. A negative, unassigned fund balance may be reported in other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

The District has a board policy which prescribes fund balance guidelines. The District will strive to maintain an assigned and unassigned general fund balance of not less than 5 percent and not more than 8 percent of budgeted expenditures for that year.

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

When both restricted and unrestricted (including committed, assigned, and unassigned) resources are available for use, it is the District's policy to generally use the resources with the most stringent restrictions first. However, the District does use unassigned monies at times to pay for expenditures that may have been board-committed.

Net Position

Net position is classified in the following categories:

Net Investment in Capital Assets: This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce this category. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. If there are significant unspent related debt proceeds at the end of the reporting period, the portion of the debt attributable to the unspent amount is not included in the calculation of net investment in capital assets. Instead, that portion of the debt is included in the same net position component (restricted or unrestricted) as the unspent amount.

Restricted: This category represents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted: This category represents the net position of the District, which is not restricted for any project or other purpose.

Other

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

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

Adoption of Pronouncement

The following GASB Statement was adopted for the year ended June 30, 2024: Statement No. 100 (Accounting Changes and Error Corrections). This statement had no significant impact on the District's financial statements for the year ended June 30, 2024.

Pending Pronouncements

GASB has issued statements that will become effective in future years including Statement Nos. 101 (Compensated Absences), 102 (Certain Risk Disclosures), 103 (Financial Reporting Model Improvements) and 104 (Disclosure of Certain Capital Assets). Management has not yet determined the impact of these statements on the financial statements.

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 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, (b) the Commonwealth of Pennsylvania or instrumentalities thereof backed by the full faith and credit of the political subdivisions
- Shares of investment companies whose investments are restricted to the above categories

DALLASTOWN AREA SCHOOL DISTRICT

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YEAR ENDED JUNE 30, 2024

In March 2016, Act 10 was passed, which expanded the scope of investment options available to school districts, including repurchase agreements, commercial paper, negotiable certificates of deposit, and bankers' acceptances. The District elected to maintain its current investment policy due to the additional risk and oversight associated with the expanded investment options under Act 10.

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, 2024, are shown below:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured (FDIC)	\$ 637,611	\$ 637,611
Uninsured, collateralized in accordance with Act 72	<u>5,494,593</u>	<u>6,665,896</u>
	<u>\$ 6,132,204</u>	<u>\$ 7,303,507</u>

Reconciliation to financial statements:

Cash and cash equivalents:	
Governmental activities	\$ 4,641,927
Business-type activities	1,200,626
Fiduciary funds:	
Custodial fund	<u>289,651</u>
Total cash and cash equivalents	<u>\$ 6,132,204</u>

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

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

deposits on a pooled basis and authorizing the appointment of custodians to act as the pledgers of the assets.

Investments

As of June 30, 2024, the District had the following Level 1 investments:

	Credit Rating	Weighted Avg. Maturity in Years	Carrying Value
Pennsylvania School District Liquid Asset Fund			
PSDMAX	AAAm	Less than 1	\$ 11,742,493
PSDLAF - Full Flex	NA	Less than 1	43,198,011
PSDLAF - Collateralized pool	NA	Less than 1	4,000,000
U.S. Government Obligations	Aaa	Less than 1	1,869,180
			<u>\$ 60,809,684</u>

Portfolio Assets

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

The PSDMAX fund invests in U.S. treasury securities, U.S. government securities, its agencies and instrumentalities, and repurchase agreements, collateralized by such securities and contracted with highly-rated counterparties. Weighted-average portfolio maturity for the fund is expected to be kept at or below 60 days. PSDMAX does not have limitations or restrictions on withdrawals. PSDMAX is audited annually by PriceWaterHouseCoopers, LLP, an independent auditor and can be obtained at <https://psdlaf.org/resource-center/>.

The PSDLAF Full Flex Pool, as part of the Fixed term series at PSDLAF, are fixed term investments collateralized in accordance with Act 72 and invests in assets listed above as permitted under Section 440.1 of the Public School Code of 1949. The Fixed Term Series are fixed term investment vehicles with maturities depending upon the maturity date of each particular Fixed Term Series. All investments in a Fixed Term Series by a Settlor are intended to be deposited for the full term of the particular Fixed Term Series, however, participants

DALLASTOWN AREA SCHOOL DISTRICT

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in the full flex collateralized investment pool may remove funds without early withdrawal penalty. Whether a Fixed Term Series has only one Settlor or more than one Settlor participating in it, each certificate of deposit in which the monies in such Fixed Term Series are invested is registered in the name of that particular Fixed Term Series. Certificates of deposit used for Fixed Term Series (i) are normally in principal amounts in excess of the FDIC insurance limit of \$250,000, (ii) are collateralized in accordance with law and (iii) the collateral is held by a third-party custodian pursuant to a custody agreement among the Fund, the bank that issues the certificate of deposit and the third party custodian. In some instances, the collateral consists of an Irrevocable Letter of Credit issued by the applicable Federal Home Loan Bank. At present, The Bank of New York serves as the third-party custodian with respect to all such collateralized certificates of deposit. Permitted Investments (other than certificates of deposit) such as U.S. Treasury or Agency securities in which monies in which a Fixed Term Series are invested are registered in the name or names of the Settlor or Settlers for which the Fixed Term Series was created, and the security is held in custody by a third party custodian pursuant to a custody agreement between the Investment Adviser and the third party custodian. At present, US Bank National Association, Minneapolis, Minnesota serves as the third-party custodian with respect to all such securities.

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.

Weighted-Average Maturity

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

Interest-Rate Risk

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

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

Credit Risk

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

3. Taxes Receivables and Deferred Inflows of Resources

Summaries of taxes receivable and related accounts at June 30, 2024, are as follows:

	<u>Amount</u>
Taxes Receivable	\$ 1,099,082
Taxes to be collected within 60 days	\$ 193,896
Deferred Inflows of Resources - delinquent taxes	<u>905,186</u>
Taxes Receivable	<u>\$ 1,099,082</u>
Deferred Inflows of Resources	
Delinquent Taxes	<u>\$ 905,186</u>
Total Deferred Inflows of Resources	<u>\$ 905,186</u>

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

4. Intergovernmental Receivables

Amounts due from other governments represent receivables for revenues earned by the District. At June 30, 2024, the following amounts are due from other governmental units:

	General Fund
PA Department of Education	
Social Security	\$ 943,226
Retirement	4,244,809
SD Transportation	312,033
2071 Plancon	724,942
PCCD Mental Health and Safety	114,041
York Adams Tax Bureau - EIT	479,241
County of York - Realty Transfer Tax	96,712
Title I, II, III and IV	126,533
ARP ESSERS	77,809
Other	4,859
	\$ 7,124,205

5. Internal Balances and Interfund Transfers

Interfund receivable and payable balances at June 30, 2024, are as follows:

Fund	Interfund Receivables	Interfund Payables
Governmental Funds		
General	\$ 1,544,727	\$ -
Capital projects	875	-
Proprietary Funds		
Food Service	-	1,917,139
Internal Service	371,537	-
	\$ 1,917,139	\$ 1,917,139

All interfund receivable/payable balances resulted from the time lag between the dates that (1) interfund goods and services were provided or reimbursable expenditures occurred, (2)

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

transactions were recorded in the accounting system, and (3) payments between funds were made. All balances are expected to be repaid within the following year.

Interfund transfers during the fiscal year ended June 30, 2024, are as follows:

Fund	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Fund		
General Fund	\$ -	\$ 3,803,608
Capital Reserve Fund	3,800,000	-
Proprietary Fund		
Food Service Fund	3,608	-
	<u>\$ 3,803,608</u>	<u>\$ 3,803,608</u>

Transfers and payments within the District are substantially for the purpose of funding future capital projects.

6. Property Taxes

Based upon assessed valuations provided by York County, the municipal tax collector bills and collects property taxes on behalf of the District. The schedule for property taxes levied for 2023-2024, is as follows:

July 15, 2023	Tax Levy Date
Through September 15, 2023	2% Discount
Through November 15, 2023	Face Payment Period
Starts November 16, 2023	10% Penalty Period
January 1, 2024	Lien Filing Date

The District's tax rate for all purposes in 2023-2024, was 25.69 mills (\$25.69 per \$1,000 assessed valuation). Refunds on payments of prior-year taxes are classified as Other Debt Service items under the Commonwealth of Pennsylvania accounting system.

Tax Abatements

Dallastown Area School District negotiates property tax abatement agreements on an individual basis. As of June 30, 2024, the District has tax abatement agreements with five entities.

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

Each agreement was negotiated under the Pennsylvania Local Economic Revitalization Tax Assistance Act of December 1, 1977, referred to as LERTA. LERTA permits local taxing authorities such as the District to provide tax abatement for new construction on deteriorated industrial, commercial or other business property in economically depressed communities. The exemption amount, if approved by a Board of Director's resolution, would be the valuation of the new construction or improvement. The Act established that the length of exemption shall not exceed ten years, with a schedule stipulating the portion of the new construction or improvements to be exempted by year. The current District LERTA properties have established ten year increasing tax assessment percentages. The State law does not provide for the recapture of abated taxes, in the event an abatement recipient does not fulfill the commitment it makes in return for the tax abatement.

The District has not made any commitments as part of the agreements other than to reduce real estate taxes. The District is not subject to any tax abatement agreements entered into by other governmental entities. The District has chosen to disclose information about some of its tax abatement agreements individually. It has established a quantitative threshold of 10 percent of the total dollar amount of taxes abated during the year.

For the year ended June 30, 2024, the District abated property taxes totaling \$432,814 under this program, including the following tax abatement agreements that each exceeded the 10 percent threshold:

- A 10 percent property tax abatement to a hotel chain for purchase of property and construction of a new building. The abatement amounted to \$9,214.
- A 20 percent property tax abatement to a restaurant chain for purchase of property and construction of a new facility. The abatement amounted to \$4,417.
- A 30 percent property tax abatement to a restaurant chain for purchase of property and construction of a new facility. The abatement amounted to \$5,662.
- A 90 percent property tax abatement to a healthcare facility for purchase of property and construction of a new facility. The abatement amounted to \$298,914.
- A 30 percent property tax abatement to a distribution facility for purchase of property and construction of a new facility. The abatement amounted to \$105,607.

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

7. Capital Assets

Capital asset activity for the year ended June 30, 2024, was as follows:

	July 1, 2023	Increases	Decreases	June 30, 2024
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 4,435,857	\$ -	\$ -	\$ 4,435,857
Construction-in-progress	10,783,851	11,257,721	(12,653,862)	9,387,710
Total capital assets not being depreciated	15,219,708	11,257,721	(12,653,862)	13,823,567
Capital assets, being depreciated				
Buildings and building improvements	170,962,971	12,514,403	-	183,477,374
Machinery & equipment	14,158,854	2,163,286	(5,768)	16,316,372
Right to use assets	883,694	125,346	-	1,009,040
Total capital assets, being depreciated	186,005,519	14,803,035	(5,768)	200,802,786
Less accumulated depreciation and amortization for:				
Buildings and building improvements	66,085,326	4,705,562	-	70,790,888
Machinery & equipment	9,853,939	1,079,185	(5,768)	10,927,356
Right to use assets	219,415	290,657	-	510,072
Total accumulated depreciation	76,158,680	6,075,404	(5,768)	82,228,316
Total capital assets, being depreciated, net	109,846,839	8,727,631	-	118,574,470
Total Governmental Activities Capital Assets - Net	\$ 125,066,547	\$ 19,985,352	\$ (12,653,862)	\$ 132,398,037
Business-Type Activities:				
Capital assets, being depreciated				
Equipment	\$ 795,458	\$ 363,848	\$ -	\$ 1,159,306
Less accumulated depreciation for equipment	599,308	61,328	-	660,636
Total capital assets, being depreciated, net	196,150	302,520	-	498,670
Total Business-Type Activities Capital Assets - Net	\$ 196,150	\$ 302,520	\$ -	\$ 498,670

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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

	Amount
Governmental Activities:	
Instruction	\$ 4,881,688
Instructional student support	426,994
Administration and financial support	349,651
Operation and maintenance of plant services	344,713
Pupil transportation	4,075
Student activities	64,179
Community services	4,104
Total Governmental Activities	6,075,404
Business-Type Activities	
Food Service	61,328
Total Primary Government	\$ 6,136,732

8. Leases

In September 2022, the District entered into a lease for equipment. The lease requires fixed payments through September 2027. In May 2023, the District entered into two leases for vehicles. The value of the right-to-use asset as of June 30, 2024 was \$551,283 and had accumulated amortization of \$198,814. At June 30, 2024, the future principal and interest lease payments required are as follows:

June 30,	Principal	Interest	Total
2025	\$ 114,708	\$ 12,031	\$ 126,739
2026	118,788	7,685	126,473
2027	116,913	3,368	120,281
2028	29,891	180	30,071
	\$ 380,300	\$ 23,264	\$ 403,564

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

9. Subscription Based Information Technology Agreements (SBITA)

In July 2023, the District entered into a subscription agreement for data management. The agreement is for a term of 3 years beginning July 1, 2023, with payments made on a yearly basis. The agreement assumed an interest rate of 6.0%. The value of the subscription asset as of June 30, 2024 was \$113,437 and had accumulated amortization of \$37,812.

In July 2022, the District entered into a subscription agreement for educational software. The agreement is for a term of 3 years beginning July 1, 2022, with payments made on a yearly basis. The agreement assumed an interest rate of 3.6%. The value of the subscription asset as of June 30, 2024 was \$155,686 and had accumulated amortization of \$103,790.

In July 2019, the District entered into a subscription agreement for information technology services. The agreement is for a term of 5 years beginning July 1, 2019, with payments made on a monthly basis. The agreement assumed an interest rate of 3.6%. The value of the subscription asset as of June 30, 2024 was \$176,725 and had accumulated amortization of \$169,656.

At June 30, 2024, the future principal and interest payments required under the SBITAs are as follows:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 90,879	\$ 6,300	\$ 97,179
2026	39,828	2,390	42,218
	<u>\$ 130,707</u>	<u>\$ 8,690</u>	<u>\$ 139,397</u>

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

10. Long-Term Obligations

A summary of the reporting entity's long-term obligations as of June 30, 2024, and transactions during the year then ended follows:

	July 1, 2023	Increases	Decreases	June 30, 2024	Due within one year
Governmental activities:					
Bonds and notes payable:					
Series of 2017	\$ 58,070,000	\$ -	\$ 3,910,000	\$ 54,160,000	\$ 4,105,000
Series of 2021	2,390,000	-	5,000	2,385,000	5,000
Series of 2022	28,125,000	-	5,000	28,120,000	5,000
Series of 2023	-	9,995,000	5,000	9,990,000	5,000
Net premium (discount) on bonds	8,397,510	(207,311)	626,651	7,563,548	623,732
Total bonds and notes payable	96,982,510	9,787,689	4,551,651	102,218,548	4,743,732
Lease liability	473,352	11,909	104,961	380,300	114,708
Subscription liability	195,493	113,437	178,223	130,707	90,879
Compensated absences	1,645,614	-	76,855	1,568,759	40,178
Reserve for loss contingencies	1,400,000	-	100,000	1,300,000	100,000
Total government activities long-term liabilities	\$ 100,696,969	\$ 9,913,035	\$ 5,011,690	\$ 105,598,314	\$ 5,089,497

General Obligation Notes – Series of 2017 – On March 27, 2017, The District issued General Obligation Notes – Series of 2017 in the principal amount of \$66,010,000. The proceeds of the bonds are being used to refinance the General Obligation Bonds – Series of 2016, which was due to be paid in full on April 15, 2017 and to finance various capital projects of the District. The notes bear interest at annual rates that shall not exceed 5%; the initial rate is 1.00%. Interest is payable semi-annually and on the date of maturity. The notes mature serially through 2035.

General Obligation Bonds – Series 2021 (Private Placement) – On February 18, 2021, The District issued General Obligation Bonds – Series 2021 in the principal amount of \$2,400,000. The proceeds of the bonds are being used to refinance the General Obligation Notes – Series of 2013, which was due to be paid in full on May 1, 2021. The bonds bear interest at an annual rate of 2.4%. Interest is payable semi-annually and on the date of maturity. The notes mature serially through 2035.

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

General Obligation Bonds – Series 2022 – On April 26, 2022, The District issued General Obligation Bonds – Series 2022 in the principal amount of \$28,125,000. The proceeds of the bonds are being used to renovate Leaders Heights Elementary School and finance various other capital projects of the District. The bonds bear interest at an annual rate that shall not exceed 5%; the initial rate is 3.0%. Interest is payable semi-annually and on the date of maturity. The notes mature serially through 2041.

General Obligation Bonds – Series 2023 – On September 14, 2023, The District issued General Obligation Bonds – Series 2023 in the principal amount of \$9,995,000. The proceeds of the bonds are being used to renovate Leaders Heights Elementary School and finance various other capital projects of the District. The bonds bear interest at an annual rate that shall not exceed 4%; the initial rate is 3.25%. Interest is payable semi-annually and on the date of maturity. The notes mature serially through 2041.

The future debt-service requirements of the fixed general obligation long-term debt are as follows:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 4,115,000	\$ 4,492,675	\$ 8,607,675
2026	4,325,000	4,287,111	8,612,111
2027	4,540,000	4,071,050	8,611,050
2028	4,765,000	3,844,236	8,609,236
2029	5,005,000	3,606,176	8,611,176
2030-2034	28,910,000	14,131,502	43,041,502
2035-2039	29,780,000	7,411,550	37,191,550
2040-2041	10,830,000	945,050	11,775,050
	<u>\$ 92,270,000</u>	<u>\$ 42,789,350</u>	<u>\$ 135,059,350</u>

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

The future debt-service requirements of the fixed private placement long-term debt are as follows:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 5,000	\$ 57,240	\$ 62,240
2026	5,000	57,120	62,120
2027	5,000	57,000	62,000
2028	5,000	56,880	61,880
2029	5,000	56,760	61,760
2030-2034	25,000	282,000	307,000
2035	2,335,000	56,040	2,391,040
	<u>\$ 2,385,000</u>	<u>\$ 623,040</u>	<u>\$ 3,008,040</u>

All debt-service payments for general obligation notes and bonds are funded by the General Fund. The District's outstanding private placement bond contains a subjective acceleration clause that allows the lender to accelerate payment of the entire principal amount to become immediately due upon the occurrence and continuance of an event of default as defined by the debt agreement. If an event of default occurs the bank may charge interest up to 3% in excess of the interest rate in effect until the event of default has been cured by the District or waived by the bank. The District's outstanding direct borrowing note contains a subjective acceleration clause that in the event of a default and with the approval of 25% of the outstanding note holders take action under Section 633 of the Public School Code of 1949, as amended by Act 154 of 1998 that the Secretary of Education of the Commonwealth, shall withhold from any Commonwealth appropriation due the District an amount equal to the sum of principal or interest due and shall pay such amount directly to the bank acting as sinking fund depository for the note issued. The District's outstanding direct borrowing bonds contain an event of default that follows the debt act and provides in the event of default any judgement shall have an appropriate priority upon the funds next coming into the treasury of the District. In addition, the full faith, credit and taxing power are pledged as collateral for bonds and notes payable.

Compensated Absences

The District's administrators and support staff are granted vacation time in varying amounts depending on their years of service. Accumulated vacation days from one fiscal year shall be used by December 31st of the following year unless an extension is granted by the Superintendent. Unused accumulated vacation days are transferred to sick leave.

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

The District allows employees to accumulate their unused sick leave as specified in negotiated labor contracts, the support staff handbook, and the administrative compensation plan. Sick leave used is based on the last-in, first-out (LIFO) method. Twelve-month employees are granted twelve sick days per year. Support staff and DAEA-eligible staff working ten months per year are granted ten days. Part-time employees are granted sick days based on the number of hours/days worked.

Upon retirement, accumulated sick leave is paid out of the General Fund as follows:

Administrators: Upon meeting normal retirement standards as set forth by PSERS, 25% over the DAEA-contract rate as long as policy provisions are met, or \$62.50 a day for 2023-2024.

DAEA-eligible staff and support staff: Upon meeting normal retirement standards as set forth by PSERS, or \$50.00 a day for 2023-2024.

Superannuation retirees with twenty years, but less than normal retirement as set forth by PSERS, shall receive 75% of the amounts detailed above.

In addition, eligible employees of the District, with a minimum of twenty years credit service who indicate their intentions to retire at least one year in advance of the effective date are eligible for a retirement stipend. For 20-32 years of service, the stipend is \$6,000, for 33-35 years of service the stipend is \$5,000, for 36-38 years of service the stipend is \$4,000 and for 39 or more years of service the stipend is \$3,000. Administrators meeting the above requirements are entitled to 25% over the DAEA rate. The District records expense for these stipends when employees meet the requirements of the stipend.

Compensated absences totaling \$40,178 are due within one year due to retirements of staff during the year ended June 30, 2024. All compensated absences are funded by the General Fund.

Reserve for Loss Contingencies

Certain properties which were classified as taxable for real estate taxes were reclassified to an exempt status after an appeal by the property owner. The property was reclassified on a retroactive basis, including several years of real estate tax receipts. The District has recognized the taxes collected during the exempt period as a liability.

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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11. Affiliates

York County School of Technology (YCST)

The District is one of fourteen member school districts participating in the operation of the York County School of Technology (YCST). YCST is operated, administered and managed by a joint-operating committee consisting of board members from the "fourteen member school districts." Member districts are responsible for funding the major portion of YCST's operating budget. The District's share of annual operating costs for YCST is based on the number of students attending the school from the District, and is reflected as instructional expenditures of the District's General Fund. For the year ended June 30, 2024, the District paid \$2,370,713 for its estimated share of the operating budget.

The York County School of Technology formed The York County School of Technology Authority (the Authority) on March 29, 1967, as a financing medium for the construction, improvement, and maintenance of YCST. The Authority has issued Lease Revenue Bonds, Series of 2003 for the purpose of the funding of the renovations, alterations and additions to the school facilities constructed in previous years, and to refund the Guaranteed Revenue Note, Series of 2002. The Authority will lease the school facilities to YCST under a lease agreement dated May 15, 2003, under which YCST will operate and maintain the school facilities and will be obligated to pay the lease rentals to the Authority in fixed amounts sufficient to pay the principal and interest on the Lease Revenue Bonds, Series of 2003. The District's obligation for lease payments is calculated annually based on its pro-rata share of assessed market value of real estate located within the fourteen member districts. Pursuant to the Restated Articles of Agreement for the formation of the joint venture, withdrawal by a member district does not relieve the District of its obligations incurred while a member district, such as the required payment of funds for the lease rentals of YCST. These bonds were refinanced in June 2017, as two separate issuances, Series A and Series B of 2017. As of June 30, 2024, the District's pro-rata share represented 11.85% of total assessed value. The District made a lease rental payment to YCST in the amount of \$387,984. The payment is included in the instructional expenditures of the District's General Fund.

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

The annual requirements of the District based on the 11.85% assessed value rate to amortize the Lease Revenue Bonds 2017, Series A and B recorded on the books of the York County School of Technology Authority, are as follows:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 231,075	\$ 65,119	\$ 296,194
2026	175,973	54,466	230,439
2027	184,860	45,667	230,527
2028	194,340	36,424	230,764
2029	203,820	8,258	212,078
2030-2032	314,617	12,794	327,411
Total	1,304,685	\$ 222,728	\$ 1,527,413
Less: due within one year	(231,075)		
Total long-term outstanding	<u>\$ 1,073,610</u>		

12. Self-Insurance Medical and Dental Coverage

Effective July 1, 2016, the District became self-funded for medical, dental and prescription insurance for employees, retirees, and their dependents. The District uses third-party administrators for medical, dental and prescription coverage. Under the medical, dental and prescription plans, the District reimburses the third-party administrators for actual claims paid, and additionally, incurs expenses for administrative, reinsurance and capitation fees and other fees associated with the administration of the program. These activities are recorded in the Internal Service Fund.

Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of recent claim settlement trends as determined by the District's independent third-party administrator.

For the year ended June 30, 2024, the District has coverage for claims in excess of \$200,000 per person.

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

Changes in claim obligations (net of excess insurance) are as follows for the years ended June 30, 2024 and 2023:

	<u>Amount</u>
Claims payable, as of June 30, 2022	\$ 966,503
Incurred claims during FY 2023	9,575,460
Claims paid during FY 2023	<u>(9,242,236)</u>
Claims payable, as of June 30, 2023	1,299,727
Incurred claims during FY 2024	9,883,791
Claims paid during FY 2024	<u>(10,020,275)</u>
Claims payable, as of June 30, 2024	<u><u>\$ 1,163,243</u></u>

13. Public School Employees' Retirement System (PSERS)

Plan Description

PSERS administers a governmental cost-sharing, multi-employer defined benefit pension plan (Pension Plan) and a governmental cost-sharing, multi-employer defined benefit Health Insurance Premium Assistance Program OPEB plan (Premium Assistance), to public school employees of the Commonwealth of Pennsylvania. In addition, PSERS administers 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 participants for the benefit coverage they elect. PSERS issues a publicly available financial report that can be obtained at www.psers.pa.gov.

Employees eligible for PSERS benefits 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.

Retirees who participate in the HOP or a Commonwealth public school employer-sponsored health insurance program are eligible for Premium Assistance if they satisfy the following criteria:

- Have 24 ½ or more years of service, or

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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

For Class DC members (as defined below) to become eligible for Premium Assistance, they must satisfy the following criteria:

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

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions or OPEBs, pension expense, and OPEB expense, information about the fiduciary net position of PSERS and additions to/deductions from PSERS' 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. Detailed information about PSERS' fiduciary net position related to pension and OPEBs is available in the PSERS Annual Comprehensive Financial Report, which can be found on the PSERS website at www.psers.pa.gov.

The net pension liability and the net OPEB liability are recorded as governmental activities expected to be paid from the General Fund.

Benefits Provided – Pension Plan

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 through June 30, 2019. 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. Benefits are generally equal to 1% to 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

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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 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.

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.

Act 5 of 2017 (Act 5) eliminated the stand-alone defined benefit plan, introduced a hybrid benefit, and introduced 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 Provided – Premium Assistance

Effective January 1, 2002, under the provisions of Act 9 of 2001, participating eligible annuitants are entitled to receive Premium Assistance payments equal to the lesser of \$100 per month or their eligible out-of-pocket monthly health insurance premium. As of June 30, 2023, there were no assumed future benefit increases to participating eligible retirees.

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

Member Contributions

The following illustrates the member's contribution as a percent of the member's qualifying compensation:

- Active members who joined PSERS prior to July 22, 1983:
 - Membership Class T-C 5.25%
 - Membership Class T-D 6.50%

- Members who joined PSERS on or after July 22, 1983, and who were active or inactive as of July 1, 2001:
 - Membership Class T-C 6.25%
 - Membership Class T-D 7.50%

- Members who joined PSERS after June 30, 2001, and before July 1, 2011:
 - Membership Class T-D 7.50%

- Members who joined PSERS after June 30, 2011 and before June 30, 2019:
 - Membership Class T-E* 8.00%
 - Membership Class T-F** 10.80%

- Members who joined PSERS on or after July 1, 2019:
 - Membership Class T-G (hybrid)** 9.00% (combined rate)
 - Membership Class T-H (hybrid)** 8.25% (combined rate)
 - Defined Contribution only 7.50%

*Includes shared risk provision of +0.50% as of July 1, 2021.

**Includes shared risk provision of +0.75% as of July 1, 2021.

Employer Contributions

The District's contractually required PSERS contribution rate for fiscal year ended June 30, 2024 was 34.00% 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. This rate is composed of a 33.09% rate for the Pension Plan, a 0.64% rate for the Premium Assistance, and a 0.27% rate for Act 5 Defined Contribution.

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

The combined rate for the fiscal year ended June 30, 2024 was a decrease from the fiscal year ended June 30, 2023 combined rate of 35.26%. The combined contribution rate will decrease to 33.90% in fiscal year 2025 and is projected to grow to 38.26% by fiscal year 2032.

The District remits contributions to PSERS on a monthly basis. Approximately \$1.58 million is owed to PSERS as of June 30, 2024, which represents the District's required contribution for the end of year payroll. The District's contributions which were recognized by PSERS for the year ended June 30, 2024 were as follows:

Pension Plan	\$ 17,747,390
Act 5 Defined Contribution	144,811
Premium Assistance	<u>343,256</u>
Total	<u>\$ 18,235,457</u>

In accordance with Act 29, the Commonwealth of Pennsylvania (Commonwealth) reimburses school districts for approximately one-half of contributions made to PSERS. The District recorded reimbursements from the Commonwealth approximating \$11.42 million during the current year. Because the Commonwealth payments are received as a reimbursement, and are not made directly to PSERS, they do not qualify as a special funding situation.

Proportionate Share

The District's proportion of PSERS' net pension liability was calculated utilizing the District's one-year reported contributions as it relates to PSERS' total one-year reported contributions. This method was changed beginning with PSERS' fiscal year ended June 30, 2020. In prior years, the proportion of PSERS' net pension liability was calculated utilizing the District's one-year reported covered payroll as it related to PSERS' total one-year reported covered payroll. At June 30, 2023 (measurement date), the District's proportion was .3503%, which was an increase of .0088% from its proportion measured as of June 30, 2022.

The District's proportion of PSERS' net OPEB liability continues to be calculated utilizing the School District's one-year reported covered payroll as it relates to PSERS' total one-year reported covered payroll. At June 30, 2023 (measurement date), the School District's proportion was .3490%, which was an increase of .0084% from its proportion measured as of June 30, 2022.

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

14. Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2024, the District reported a liability of \$155,836,000 for its proportionate share of PSERS' net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by rolling forward PSERS' total pension liability as of June 30, 2022 to June 30, 2023.

For the year ended June 30, 2024, the District recognized pension expense of \$12,501,389. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 35,000	\$ 2,134,000
Changes in assumptions	2,325,000	-
Net difference between projected and actual earnings on pension plan investments	4,409,000	-
Changes in proportion	2,920,000	1,591,000
District contributions subsequent to the measurement date	17,747,390	-
Total	\$ 27,436,390	\$ 3,725,000

\$17,747,390 reported as deferred outflows of resources resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. 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,		
2025	\$	1,311,000
2026		(2,471,000)
2027		5,655,000
2028		1,469,000
Total	\$	5,964,000

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

Actuarial Assumptions

The actuarial valuation used for the June 30, 2023 measurement date contained the following methods and assumptions:

- Actuarial valuation date – June 30, 2022
- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 7.00%, includes inflation at 2.50%
- Salary growth – Effective average of 4.5%, comprised of 2.50% for inflation and 2.00% for real wage growth and merit or seniority increases
- Mortality rates were based on a blend of 50% Pub T-2010 and 50% Pub G-2010 retiree tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Mortality Improvement Scale.
- Experience study – July 1, 2015 through June 30, 2020

Changes in Assumptions

There were no changes in assumptions affecting the June 30, 2023 measurement date.

Changes in Benefit Terms

There were no changes in benefit terms affecting the June 30, 2023 measurement date.

Pension Plan Investments

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

The pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the PSERS 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.

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public entity	30.0%	5.2%
Private equity	12.0%	7.9%
Fixed income	33.0%	3.2%
Commodities	7.5%	2.7%
Absolute return	4.0%	4.1%
Infrastructure/MLPs	10.0%	5.4%
Real estate	11.0%	5.7%
Cash	3.0%	1.2%
Leverage	-10.5%	1.2%
	<u>100.0%</u>	

For PSERS' year ended June 30, 2023, the annual money-weighted rate of return on the pension plan investments, net of pension plan investment expenses, was 3.54%.

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 the contributions from plan members will be made at the current contribution rate and that the 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.

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

The following presents the District's proportionate share of PSERS' net pension liability calculated using the discount rates described above, as well as what the District's proportionate share of PSERS' net pension liability would be if it were calculated using a

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of PSERS' net pension liability	\$ 202,006,000	\$ 155,836,000	\$ 116,882,000

15. Net OPEB Liability, OPEB Expense, and Deferred Outflows and Inflows of Resources Related to OPEB

The District maintains two separate OPEB plans – the Premium Assistance previously described in Note 14 and the District’s retiree plan (retiree plan) described below. At June 30, 2024, the District reported a net OPEB liability composed of the following:

District's proportionate share of PSERS' net OPEB liability	\$ 6,314,000
District's total OPEB liability for its retiree plan	18,712,190
Net OPEB liability	\$ 25,026,190

PSERS’ net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate PSERS’ net OPEB liability was determined by rolling forward PSERS’ total OPEB liability as of June 30, 2022 to June 30, 2023. The District’s retiree plan’s total OPEB liability was measured as of July 1, 2022, and the total OPEB liability used to calculate the retiree plan’s total OPEB liability was determined by rolling forward the retiree plan’s total OPEB liability as of July 1, 2022 to June 30, 2024.

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

For the year ended June 30, 2024, the District recognized OPEB expense as follows:

OPEB expense related to PSERS		
Premium Assistance	\$	114,777
OPEB expense related to District's retiree plan		1,378,196
Total OPEB expense	\$	<u>1,492,973</u>

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Outflows of Resources:	PSERS Premium Assistance	District's Retiree Plan	Total Deferred Outflows of Resources
Differences between expected and actual experience	\$ 41,000	\$ 2,441,778	\$ 2,482,778
Changes in assumptions	546,000	336,795	882,795
Net difference between projected and actual earnings on OPEB plan investments	14,000	-	14,000
Changes in proportion	144,000	-	144,000
District contributions subsequent to the measurement date	343,256	787,669	1,130,925
Total	<u>\$ 1,088,256</u>	<u>\$ 3,566,242</u>	<u>\$ 4,654,498</u>

Deferred Inflows of Resources:	PSERS Premium Assistance	District's Retiree Plan	Total Deferred Inflows of Resources
Difference between expected and actual experience	\$ 63,000	\$ -	\$ 63,000
Changes in assumptions	1,195,000	5,791,096	6,986,096
Changes in proportion	172,000	-	172,000
Total	<u>\$ 1,430,000</u>	<u>\$ 5,791,096</u>	<u>\$ 7,221,096</u>

\$1,130,925 reported as deferred outflows of resources resulting from the District's

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>PSERS Premium Assistance</u>	<u>District's Retiree Plan</u>
2025	\$ (142,000)	\$ (242,461)
2026	(167,000)	(242,461)
2027	(186,000)	(242,461)
2028	(206,000)	(242,461)
2029	16,000	(242,461)
Thereafter	-	(1,800,218)
Total	<u>\$ (685,000)</u>	<u>\$ (3,012,523)</u>

Additional Required Disclosures for PSERS Premium Assistance

Actuarial Assumptions

The actuarial valuation used for the June 30, 2023 measurement date contained the following methods and assumptions:

- Actuarial valuation date – June 30, 2022
- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 4.13% - S&P 20-year Municipal Bond Rate
- Salary increases – Effective average of 4.50%, comprised of 2.50% for inflation and 2.00% for real wage growth and 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 Mortality Improvement Scale
- Experience study – July 1, 2015 through June 30, 2020

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

- Participation rate –
 - Eligible retirees will elect to participate pre-age 65 at 50%
 - Eligible retirees will elect to participate post-age 65 at 70%.

Changes in Assumptions

The discount rate increased from 4.09% to 4.13% for the June 30, 2023 measurement date.

Changes in Benefit Terms

There were no changes in benefit terms affecting the June 30, 2023 measurement date.

OPEB Plan 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 PSERS Board. Employer contribution rates are established to provide reserves in the Health Insurance Account that are sufficient for the payment of the Premium Assistance for each succeeding year. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	<u>100.0%</u>	1.2%

For PSERS' year ended June 30, 2023, the annual money-weighted rate of return on the Premium Assistance plan investments, net of plan investment expenses, was 4.36%.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.13%. Under the Premium Assistance plan's funding policy, contributions are structured for short-term funding of the Premium Assistance. The funding policy sets contribution rates necessary to assure

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

solvency of the 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 the 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 4.13%, which represents the S&P 20-year Municipal Bond Rate at June 30, 2023, was applied to all projected benefit payments to measure the total OPEB liability. The discount rate used to measure the Total OPEB liability increased from 4.09% as of June 30, 2022 to 4.13% as of June 30, 2023.

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

The following presents the District's proportionate share of PSERS' net OPEB liability calculated using the discount rates described above, 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 or one-percentage-point higher than the current rate:

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
District's proportionate share of PSERS' net OPEB liability	<u>\$ 7,139,000</u>	<u>\$ 6,314,000</u>	<u>\$ 5,624,000</u>

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

Healthcare cost trend rates were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2023, retirees' Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on the healthcare cost trends as depicted below.

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

The following presents the District's proportionate share of PSERS' net OPEB liability calculated using current healthcare cost trend rates as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
District's proportionate share of PSERS' net OPEB liability	<u>\$ 6,314,000</u>	<u>\$ 6,314,000</u>	<u>\$ 6,315,000</u>

Plan Description

The District administers a single-employer defined benefit healthcare plan to provide additional postemployment benefits to eligible retirees (retiree plan). The District has not accumulated assets for the retiree plan in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75; benefits are paid on a pay-as-you-go basis.

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

Benefits Provided

The benefit limits and employee and employer contributions are established through employee contracts and past practices. Details of the benefits provided are as follows:

GROUP	ELIGIBILITY	COVERAGE AND PREMIUM SHARING	DURATION
I. ADMINISTRATORS			
A) Retired prior to July 1, 2015	N/A - Already Retired	<p>Coverage: Medical, Prescription Drug and Dental</p> <p>Premium Sharing: If the member completes 20 years of PSERS service, the member has a choice of the two benefits below:</p> <p>Elect PPO1: The member pays \$20 per month, in addition to 9% (10% in 2014-2015 school year) of the premium for medical and prescription drug. The District pays the remaining for medical, prescription drug and dental.</p> <p>Elect PPO2: The district pays the premium for medical and prescription drug. The member pays 100% of the dental premium.</p> <p>If the member completes 20 years with the District but does not complete 30 years of PSERS service, the member has an additional choice of the benefit below:</p> <p>Elect PPO1: The District pays 80% of the single premium for medical, prescription drug, and dental plus an additional 2% for each year of service above 20 years, up to 100% with 30 or more years of service. The member pays any remaining amount, as well as the premium for dependent coverage</p> <p>If the member completes 30 years of PSERS service, the member has an additional choice of the benefits described in section IIA.</p> <p>Otherwise, Act 110/43 benefits apply.</p>	Member coverage continues until Medicare eligibility. Spouse coverage continues until the earlier of Medicare eligibility, member Medicare eligibility, or member death.

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

GROUP	ELIGIBILITY	COVERAGE AND PREMIUM SHARING	DURATION
I. ADMINISTRATORS			
B) Retired on or after July 1, 2015	Upon Completion of 20 years of PSERS service or Act 110/43 eligibility.	<p>Coverage: Medical, Prescription Drug and Dental</p> <p>Preimum Sharing: If the member completes 20 years of PSERS service, the member may elect , for a maximum of 10 years, one of the two benefits below:</p> <p>Elect PPO1: The member pays 100% of the premium for medial and prescription drug.</p> <p>Elect PPO2: The member pays a portion of the coverage as determined by Dallastown Area School District. The contribution amount is \$250/month for the 2022-23 fiscal year.</p> <p>Under both options, the member may elect dental coverage by paying the full premium</p> <p>After receiving 10 years of the district subsidized coverage or if the member does not qualify for the subsidized coverage, the member may continue coverage by paying the full preimum as determined for the purpose of COBRA.</p> <p>Dependent Coverage: Available by paying 100% of the premium for such coverage. Dependent Coverage: Family Included</p>	Same as IA

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

Plan Description, Benefit Terms and Funding Policy

II. ALL OTHER			
EMPLOYEES			
A) Retired prior to July 1, 2015	N/A - Already Retired	<p>Coverage: Medical, Prescription Drug and Dental</p> <p>Premium Sharing: If the member completes 20 years of PSERS service, the member has a choice of the two benefits below, otherwise Act 110/43 benefits apply (see <i>Notes</i>):</p> <p>Elect PPO1: The District pays 100% of the single premium for medical and prescription drug, but the District contribution is capped at \$4,000 per year, reduced by 4% for each year of service less than 35. The member pays any remaining amount, as well as the premium for dependent coverage.</p> <p>Elect PPO2: The District pays the single premium for medical and prescription drug. The member pays \$150 per month, as well as the premium for dependent coverage.</p> <p>In either case, the subsidy will cease after 10 years</p> <p>The member may elect dental coverage by paying the full premium</p> <p>Dependent Coverage: Available</p>	Same as IA
B) Retired on or after July 1, 2015	Same as IB	Same as IB	Same as IA
C) Retired prior to June 30, 2017 under Early Retirement Incentive Program	Same as IC	Same as IC	Same as IA

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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 reaches Medicare age. In order to obtain coverage, retired employees must provide payment equal to the premium determined for the purpose of COBRA

PSERS Superannuation Retirement:

1) For individuals who were members of PSERS prior to July 1, 2011, an employee is eligible for PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS service, age 62 with 1 year of PSERS service or 35 years of PSERS service regardless of age.

2) For individuals who became members of PSERS on or after July 1, 2011 and prior to July 1, 2019, an employee is eligible for PSERS superannuation retirement upon reaching age 65 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 92 with a minimum of 35 years of PSERS service.

3) For individuals who became members of PSERS after July 1, 2019, an employee is eligible for 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.

4) For individuals who became members of PSERS after July 1, 2019, an employee is eligible for PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service.

At July 1, 2022, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	57
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>615</u>
	<u><u>672</u></u>

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

Contributions

The District has opted to not fully fund the OPEB contributions and will continue to fund the annual OPEB costs on a pay-as-you go basis. For the year ended June 30, 2024, the District contributed \$608,683.

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:

- Salary Increases – 2.5% cost of living adjustment, 1.5% real wage growth, and for teachers and administrators a merit increases which varies by age from 2.75% to 0%.
- Discount Rate – 4.13%. Based on S&P Municipal Bond 20 Year High Grade Rate Index at July 1, 2023.
- Health Care Cost Trend Rate – 7.0% in 2023, with 0.5% decrease per year until 5.5% in 2026. Rates gradually decrease from 5.4% in 2027 to 4.1% 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- PubT-2010 headcount-weighted mortality table including rates for contingent survivors for teachers. PubG-2010 headcount-weighted mortality including rates for contingent survivors for all other employees.

Changes in Assumptions

The interest rate was changed from 4.06% to 4.13%. Increase in health care cost trend rates.

Changes in Benefit Terms

None.

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

Changes in the Total OPEB Liability

The changes in the total OPEB liability for the District's retiree plan for the year ended June 30, 2024 were as follows:

Total OPEB liability, July 1, 2023	\$	17,582,088
Changes for the year:		
Service cost		887,620
Interest on the total OPEB liability		733,037
Changes of assumptions		274,815
Benefit payments		<u>(765,370)</u>
Total OPEB liability, June 30, 2024	\$	<u>18,712,190</u>

Discount Rate

The discount rate used to measure the June 30, 2024 total OPEB liability was 4.13%. This rate represents the S&P 20-year High Grade Rate Index at July 1, 2023.

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

The following presents the District's total OPEB liability calculated using the discount rate described above, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
District's total OPEB liability	<u>\$ 20,125,518</u>	<u>\$ 18,712,190</u>	<u>\$ 17,370,215</u>

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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

The following presents the District's total OPEB liability calculated using current healthcare cost trend rates as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
District's total OPEB liability	<u>\$ 16,600,576</u>	<u>\$ 18,712,190</u>	<u>\$ 21,185,045</u>

16. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets, errors, or omissions. Most significant losses are covered by commercial insurance for major programs. For insured programs, there have been no significant reductions in settlement coverage. Settlement amounts have not exceeded insurance coverage for the current or the three prior years. During the year ended June 30, 2024, the District did not incur any significant losses that were not covered by insurance.

17. Commitments and Contingencies

Transportation Contract

The District entered into a lease agreement with a term of six years starting on July 1, 2023 and ending on June 30, 2029. The agreement contains a price structure based on the number of student days and number of bus and van runs per day. In the event of a change in the terms noted, the payments will be adjusted to reflect the change in terms. As of June 30, 2024, the outflow of resources recognized under the contract was \$5,672,943.

Grant Programs

The District participates in numerous state and Federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that District has not complied with the rules and regulations governing the

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

grants, refunds of any money received may be required, and the collectability of any related receivables at June 30, 2024, may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statement for such contingencies.

Construction Commitments

The District has several active construction projects which includes renovations at Leaders Heights Elementary, York Township and Ore Valley Elementary and repair and restoration work. As of June 30, 2024, the District has approximately \$24,860,000 in remaining commitment costs related to construction projects.

**REQUIRED SUPPLEMENTARY
INFORMATION**

DALLASTOWN AREA SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF PSERS' NET PENSION LIABILITY

Last 10 Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of PSERS' net pension liability	0.3503%	0.3415%	0.3448%	0.3517%	0.3529%	0.3560%	0.3570%	0.3609%	0.3551%	0.3496%
District's proportionate share of PSERS' net pension liability	\$ 155,836,000	\$ 151,827,000	\$ 141,564,000	\$ 173,174,000	\$ 165,096,000	\$ 170,898,000	\$ 176,317,000	\$ 178,851,000	\$ 153,813,000	\$ 138,375,000
District's covered payroll	\$ 53,470,732	\$ 50,090,254	\$ 48,776,050	\$ 48,668,256	\$ 48,668,256	\$ 47,938,511	\$ 47,532,986	\$ 46,740,379	\$ 45,689,333	\$ 44,613,519
District's proportionate share of PSERS' net pension liability as a percentage of its covered payroll	291.44%	303.11%	290.23%	355.83%	339.23%	356.49%	370.94%	382.65%	336.65%	310.16%
PSERS' Plan fiduciary net position as a percentage of PSERS' total pension liability	61.85%	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

SCHEDULE OF DISTRICT CONTRIBUTIONS TO THE PSERS' PENSION PLAN

Last 10 Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 17,747,390	\$ 16,687,389	\$ 17,523,127	\$ 16,334,598	\$ 16,487,199	\$ 15,967,499	\$ 15,275,526	\$ 13,966,573	\$ 11,795,472	\$ 9,190,821
Contributions in relation to the contractually required contribution	(17,747,390)	(16,687,389)	(17,523,127)	(16,334,598)	(16,487,199)	(15,967,499)	(15,275,526)	(13,966,573)	(11,795,472)	(9,190,821)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 55,041,204	\$ 52,711,999	\$ 50,256,076	\$ 48,780,978	\$ 49,285,947	\$ 48,678,652	\$ 47,892,528	\$ 48,538,000	\$ 47,855,862	\$ 46,660,683
Contributions as a percentage of covered payroll	32.24%	31.66%	34.87%	33.49%	33.45%	32.80%	31.90%	28.77%	24.65%	19.70%

See accompanying notes to required supplementary information.

DALLASTOWN AREA SCHOOL DISTRICT

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF PSERS' NET OPEB LIABILITY

Last 10 Fiscal Years¹

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of PSERS' net OPEB liability	0.3490%	0.3406%	0.3441%	0.3512%	0.3529%	0.3560%	0.3570%
District's proportionate share of PSERS' net OPEB liability	\$ 6,314,000	\$ 6,270,000	\$ 8,155,000	\$ 7,588,000	\$ 7,506,000	\$ 7,422,000	\$ 7,274,000
District's covered payroll	\$53,470,732	\$50,090,254	\$48,776,050	\$49,299,794	\$48,668,256	\$47,938,511	\$47,532,986
District's proportionate share of PSERS' net OPEB liability as a percentage of its covered payroll	11.81%	12.52%	16.72%	15.39%	15.42%	15.48%	15.30%
PSERS' Plan fiduciary net position as a percentage of the total PSERS' OPEB liability	7.22%	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%

¹The amounts presented for each fiscal year were determined as of the measurement date, which is June 30 of the immediately preceding fiscal year. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for those years only for which information is available.

SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS TO THE PSERS PREMIUM ASSISTANCE

Last 10 Fiscal Years²

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 343,256	\$ 364,778	\$ 401,216	\$ 399,701	\$ 415,415	\$ 406,534	\$ 399,455
Contributions in relation to the contractually required contribution	(343,256)	(364,778)	(401,216)	(399,701)	(415,415)	(406,534)	(399,455)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$55,041,204	\$52,711,999	\$50,256,076	\$48,780,978	\$49,285,947	\$48,678,652	\$47,892,528
Contributions as a percentage of covered payroll	0.62%	0.69%	0.80%	0.82%	0.84%	0.84%	0.83%

²The amounts presented for each fiscal year were determined as of the fiscal year-end date. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the School District is presenting information for those years only for which information is available.

See accompanying notes to required supplementary information.

DALLASTOWN AREA SCHOOL DISTRICT

SCHEDULE OF THE SCHOOL DISTRICT'S TOTAL OPEB LIABILITY FOR ITS RETIREE PLAN

Last 10 Fiscal Years¹

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability:							
Service cost	\$ 887,620	\$ 1,405,998	\$ 1,407,543	\$ 1,087,676	\$ 1,087,172	\$ 1,007,158	\$ 990,502
Interest	733,037	505,014	401,414	620,911	535,283	506,704	378,925
Changes of benefit terms	-	-	-	-	-	39,546	-
Differences between actual and expected experience	-	612,571	-	2,243,079	-	688,166	-
Changes of assumptions	274,815	(5,411,867)	(647,056)	(568,695)	(520,618)	14,872	162,738
Benefit payments	(765,370)	(596,519)	(586,607)	(617,943)	(546,807)	(581,222)	(574,348)
Net Changes in Total OPEB Liability	1,130,102	(3,484,803)	575,294	2,765,028	555,030	1,675,224	957,817
Total OPEB Liability - Beginning	<u>\$ 17,582,088</u>	<u>\$ 21,066,891</u>	<u>\$ 20,491,597</u>	<u>\$ 17,726,569</u>	<u>\$ 17,171,539</u>	<u>15,496,315</u>	<u>14,538,498</u>
Total OPEB Liability - Ending	<u>\$ 18,712,190</u>	<u>\$ 17,582,088</u>	<u>\$ 21,066,891</u>	<u>\$ 20,491,597</u>	<u>\$ 17,726,569</u>	<u>\$ 17,171,539</u>	<u>\$ 15,496,315</u>
Covered-Employee Payroll	<u>\$ 48,640,447</u>	<u>\$ 48,640,447</u>	<u>\$ 45,283,185</u>	<u>\$ 45,283,185</u>	<u>\$ 44,079,407</u>	<u>\$ 44,079,407</u>	<u>\$ 44,042,595</u>
Total OPEB Liability as a Percentage of Covered-Employee Payroll	38.47%	36.15%	46.52%	45.25%	40.22%	38.96%	35.18%

¹The amounts presented for each fiscal year were determined as of the fiscal year-end date. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for those years only for which information is available.

See accompanying notes to required supplementary information.

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2024

1. Factors and Trends in Actuarial Assumptions Used Under GASB No. 68 for the PSERS Pension Plan

Actuarial Valuation Date/ Measurement Date	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
School District Fiscal Year In Which NPL is Recorded	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Discount Rate	7.00%	7.00%	7.00%	7.25%	7.25%	7.25%	7.25%	7.25%	7.50%	7.50%
Salary Increases	4.50%	4.50%	4.50%	5.00%	5.00%	5.00%	5.00%	5.00%	5.50%	5.50%
Mortality	50% PubT-2010 and 50% PubG-2010	50% PubT-2010 and 50% PubG-2010	50% PubT-2010 and 50% PubG-2010	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015	RP-2000	RP-2000
Changes in Benefits	None	None	None	None	A new hybrid defined benefit/ defined contribution plan is applicable for new PSERS members on July 1, 2019 and thereafter	None	Vested Class T-E and T-F members can withdraw their accumulated contributions and interest	None	None	None
Actuarially Calculated Contribution Rate from Actuarial Date Shown Above	32.92%	33.09%	34.31%	33.99%	33.51%	33.36%	32.60%	31.74%	29.20%	25.00%
School District Fiscal Year In Which Actuarially Calculated Contribution Rate Is Applied	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2024

2. Factors and Trends in Actuarial Assumptions Used Under GASB Statement No. 75 for the PSERS Premium Assistance (OPEBs)

Actuarial Valuation Date/ Measurement Date	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
School District Fiscal Year In Which NOL is Recorded	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Discount Rate	4.13%	4.09%	2.18%	2.66%	2.79%	2.98%	3.13%
Salary Increases	4.50%	4.50%	4.50%	5.00%	5.00%	5.00%	5.00%
Mortality	50% PubT- 2010 and 50% PubG-2010	50% PubT- 2010 and 50% PubG-2010	50% PubT- 2010 and 50% PubG-2010	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015	RP-2014, Scale MP- 2015
Changes in Benefits	None	None	None	None	None	None	None
Actuarially Calculated Contribution Rate from Actuarial Date Shown Above	0.63%	0.64%	0.75%	0.80%	0.82%	0.84%	0.83%
School District Fiscal Year in Which Actuarially Calculated Contribution Rate Is Applied	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2024

3. Factors and Trends in Actuarial Assumptions Used Under GASB Statement No. 75 for the Retiree OPEB Plan

The retiree plan is not administered through a trust and assets are not accumulated in a trust to pay related benefits.

Actuarial Valuation Date	07/01/2022	07/01/2022	7/01/2021	7/01/2019	7/01/2019	7/01/2017	7/01/2017
School District Fiscal Year In Which NOL is Recorded	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Discount Rate	20 Year Municipal Bond Index-4.13%	20 Year Municipal Bond Index-4.06%	20 Year Municipal Bond Index-2.28%	20 Year Municipal Bond Index-1.86%	20 Year Municipal Bond Index-3.36%	20 Year Municipal Bond Index-2.98%	20 Year Municipal Bond Index-3.13%
Salary Increases	2.5% Cost of Living 1% Real Wage Growth 0% - 2.75% Merit Increases	2.5% Cost of Living 1% Real Wage Growth 0% - 2.75% Merit Increases	2.5% Cost of Living 1% Real Wage Growth 0% - 2.75% Merit Increases	2.5% Cost of Living 1% Real Wage Growth 0% - 2.75% Merit Increases	2.5% Cost of Living 1% Real Wage Growth 0% - 2.75% Merit Increases	2.5% Cost of Living 1% Real Wage Growth 0% - 2.75% Merit Increases	2.5% Cost of Living 1% Real Wage Growth 0% - 2.75% Merit Increases
Mortality	PubT-2010 headcount-weighted mortality table including rates for contingent survivors for teachers. PubG-2010 headcount-weighted mortality table including rates for contingent survivors for all other employees. Incorporated into the tables are rates projected generationally using Scale MP-2021 to reflect mortality improvement.	PubT-2010 headcount-weighted mortality table including rates for contingent survivors for teachers. PubG-2010 headcount-weighted mortality table including rates for contingent survivors for all other employees. Incorporated into the tables are rates projected generationally using Scale MP-2021 to reflect mortality improvement.	Separate rates are assumed using the rates assumed in the PSERS valuation. Incorporated in the tables are rates projected generationally by the Buck Modified 2016 Projection	Separate rates are assumed using the rates assumed in the PSERS valuation. Incorporated in the tables are rates projected generationally by the Buck Modified 2016 Projection	Separate rates are assumed using the rates assumed in the PSERS valuation. Incorporated in the tables are rates projected generationally by the Buck Modified 2016 Projection	Separate rates are assumed using the rates assumed in the PSERS valuation. Incorporated in the tables are rates projected generationally by the Buck Modified 2016 Projection	Separate rates are assumed using the rates assumed in the PSERS valuation. Incorporated in the tables are rates projected generationally by the Buck Modified 2016 Projection
Changes in Benefits	None	None	None	None	None	None	None
Assumed Healthcare Trend Rates	2023-7.0% With .5% decrease per year until 5.5% in 2026 Rates gradually decrease from 5.4% in 2027 to 4.1% in 2075 and later.	2022-6.5% 2023-6% 5.5% in 2024-2025 Rates gradually decrease from 5.4% in 2026 to 3.9% in 2075 and later.	2020-5.50% 2021-5.50% 2022-5.50% 2023-5.50% Rates gradually decrease from 5.4% in 2024 to 4.0% in 2075 and later.	2020-5.50% 2021-5.50% 2022-5.50% 2023-5.50% Rates gradually decrease from 5.4% in 2024 to 4.0% in 2075 and later.	2019-5.50% 2020-5.50% 2021-5.50% Rates gradually decrease from 5.4% in 2022 to 3.8% in 2075 and later.	2018-6.00% 2019-5.50% 2020-5.50% 2021-5.50% 2022-5.40% Rates gradually decrease from 5.4% in 2022 to 3.8% in 2075 and later.	2017-6.00% 2018-6.00% 2019-5.50% 2020-5.50% 2021-5.50% 2022-5.50% 2023-5.50% Rates gradually decrease from 5.4% in 2024 to 3.9% in 2075 and later.

SUPPLEMENTARY INFORMATION

**DALLASTOWN AREA SCHOOL DISTRICT
GENERAL FUND
SCHEDULES OF EXPENDITURES AND OTHER FINANCING USES-
BUDGET TO ACTUAL (continued on next page)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

EXPENDITURES	Original Budget (Decrease)	Transfers Increase	Final Revised Budget	Actual	Variance with Final Budget Positive (Negative)
INSTRUCTION					
REGULAR PROGRAMS					
Salaries	33,514,701	-	33,514,701	32,854,695	660,006
Employee Benefits	20,193,917	-	20,193,917	19,550,701	643,216
Purchased Professional Services	745,800	-	745,800	892,815	(147,015)
Purchased Property Services	153,800	-	153,800	48,961	104,839
Other Purchased Services	2,066,910	-	2,066,910	2,196,684	(129,774)
Supplies and Material	1,615,752	-	1,615,752	1,648,370	(32,618)
Property	232,070	-	232,070	1,172,700	(940,630)
Other Objects	34,050	-	34,050	36,181	(2,131)
TOTAL REGULAR PROGRAMS	58,557,000	-	58,557,000	58,401,107	155,894
SPECIAL PROGRAMS					
Salaries	8,026,181	-	8,026,181	8,314,450	(288,269)
Employee Benefits	5,156,238	-	5,156,238	5,087,067	69,171
Purchased Professional Services	3,061,912	-	3,061,912	2,723,151	338,761
Purchased Property Services	-	-	-	247	(247)
Other Purchased Services	2,890,784	-	2,890,784	3,083,773	(192,989)
Supplies and Material	79,450	-	79,450	85,477	(6,027)
Property	16,500	-	16,500	3,157	13,343
Other Objects	420	-	420	-	420
TOTAL SPECIAL PROGRAMS	19,231,485	-	19,231,485	19,297,323	(65,838)
VOCATIONAL EDUCATION					
Other Purchased Services	2,450,000	(16,000)	2,434,000	2,433,139	861
TOTAL VOCATION EDUCATION	2,450,000	(16,000)	2,434,000	2,433,139	861
OTHER INSTRUCTIONAL PROGRAMS					
Salaries	406,359	-	406,359	250,405	155,954
Employee Benefits	294,178	-	294,178	190,536	103,642
Purchased Professional Services	143,500	-	143,500	120,804	22,696
Purchased Property Services	11,400	-	11,400	7,751	3,649
Other Purchased Services	195,200	-	195,200	422,395	(227,195)
Supplies and Material	8,150	-	8,150	6,057	2,093
Property	-	-	-	-	-
Other Objects	200	-	200	-	200
TOTAL OTHER INSTRUCTIONAL PROGRAMS	1,058,987	-	1,058,987	997,948	61,039
NONPUBLIC SCHOOL PROGRAMS					
Purchased Professional Services	-	20,000	20,000	16,138	3,862
Supplies and Material	-	-	-	-	-
TOTAL NONPUBLIC SCHOOL PROGRAMS	-	20,000	20,000	16,138	3,862
TOTAL INSTRUCTION	81,297,472	4,000	81,301,472	81,145,654	155,818

**DALLASTOWN AREA SCHOOL DISTRICT
GENERAL FUND
SCHEDULES OF EXPENDITURES AND OTHER FINANCING USES-
BUDGET TO ACTUAL (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

EXPENDITURES	Original Budget	Transfers Increase (Decrease)	Final Revised Budget	Actual	Variance with Final Budget Positive (Negative)
SUPPORT SERVICES					
PUPIL PERSONNEL					
Salaries	2,907,645	-	2,907,645	2,870,898	36,747
Employee Benefits	1,797,836	-	1,797,836	1,709,761	88,075
Purchased Professional Services	14,350	-	14,350	86,970	(72,620)
Purchased Property Services	2,800	-	2,800	-	2,800
Other Purchased Services	15,472	-	15,472	7,291	8,181
Supplies and Material	115,675	-	115,675	101,403	14,272
Other Objects	3,050	-	3,050	2,343	707
TOTAL PUPIL PERSONNEL	4,856,828	-	4,856,828	4,778,666	78,162
INSTRUCTIONAL STAFF					
Salaries	1,851,345	-	1,851,345	1,885,225	(33,880)
Employee Benefits	1,299,072	-	1,299,072	1,354,321	(55,249)
Purchased Professional Services	60,450	-	60,450	120,441	(59,991)
Purchased Property Services	7,050	-	7,050	2,203	4,847
Other Purchased Services	33,512	-	33,512	30,235	3,277
Supplies and Material	275,250	-	275,250	378,991	(103,741)
Property	40,300	-	40,300	-	40,300
Other Objects	10,250	-	10,250	6,053	4,197
TOTAL INSTRUCTIONAL STAFF	3,577,230	-	3,577,230	3,777,468	(200,238)
ADMINISTRATION					
Salaries	3,293,638	-	3,293,638	3,397,173	(103,535)
Employee Benefits	2,025,158	-	2,025,158	2,013,620	11,538
Purchased Professional Services	234,700	-	234,700	228,439	6,261
Purchased Property Services	5,000	-	5,000	2,970	2,030
Other Purchased Services	269,850	-	269,850	87,878	181,972
Supplies and Material	16,550	-	16,550	42,776	(26,226)
Property	-	-	-	-	-
Other Objects	134,400	-	134,400	135,304	(904)
TOTAL ADMINISTRATION	5,979,297	-	5,979,297	5,908,160	71,137
PUPIL HEALTH					
Salaries	1,025,732	-	1,025,732	976,168	49,564
Employee Benefits	655,638	-	655,638	602,365	53,273
Purchased Professional Services	287,900	-	287,900	353,296	(65,396)
Purchased Property Services	1,500	-	1,500	1,344	156
Other Purchased Services	2,950	-	2,950	593	2,357
Supplies and Material	42,350	-	42,350	34,780	7,570
Property	-	-	-	-	-
Other Objects	140	-	140	-	140
TOTAL PUPIL HEALTH	2,016,211	-	2,016,211	1,968,545	47,665

**DALLASTOWN AREA SCHOOL DISTRICT
GENERAL FUND
SCHEDULES OF EXPENDITURES AND OTHER FINANCING USES-
BUDGET TO ACTUAL (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

EXPENDITURES	Original Budget	Transfers Increase (Decrease)	Final Revised Budget	Actual	Variance with Final Budget Positive (Negative)
BUSINESS					
Salaries	496,191	-	496,191	503,198	(7,007)
Employee Benefits	315,847	-	315,847	295,341	20,506
Purchased Professional Services	2,325	-	2,325	8,375	(6,050)
Purchased Property Services	1,900	-	1,900	-	1,900
Other Purchased Services	5,250	-	5,250	4,570	680
Supplies and Material	57,850	-	57,850	69,595	(11,745)
Property	-	-	-	-	-
Other Objects	20,000	-	20,000	16,527	3,473
TOTAL BUSINESS	899,363	-	899,363	897,606	1,757
OPERATION AND MAINTENANCE OF PLANT SERVICES					
Salaries	2,725,157	-	2,725,157	2,806,331	(81,174)
Employee Benefits	1,787,124	-	1,787,124	1,902,930	(115,806)
Purchased Professional Services	116,500	-	116,500	324,450	(207,950)
Purchased Property Services	883,007	-	883,007	961,145	(78,139)
Other Purchased Services	435,600	-	435,600	353,460	82,140
Supplies and Material	2,102,349	-	2,102,349	2,471,119	(368,770)
Property	-	-	-	70,950	(70,950)
Other Objects	6,550	-	6,550	6,427	123
TOTAL OPERATION AND MAINTENANCE OF PLANT SERVICES	8,056,286	-	8,056,286	8,896,812	(840,526)
STUDENT TRANSPORTATION SERVICES					
Salaries	27,371	-	27,371	25,080	2,291
Employee Benefits	15,694	-	15,694	16,482	(788)
Purchased Professional Services	-	-	-	-	-
Purchased Property Services	-	-	-	-	-
Other Purchased Services	5,687,980	-	5,687,980	6,189,902	(501,922)
Supplies and Material	10,000	-	10,000	18,440	(8,440)
Property	-	-	-	68,851	(68,851)
Other Objects	-	-	-	16	(16)
TOTAL STUDENT TRANSPORTATION SERVICES	5,741,045	-	5,741,045	6,318,771	(577,726)
CENTRAL					
Salaries	913,039	-	913,039	937,616	(24,577)
Employee Benefits	639,397	-	639,397	621,068	18,329
Purchased Professional Services	133,175	-	133,175	183,074	(49,899)
Purchased Property Services	168,400	-	168,400	180,386	(11,986)
Other Purchased Services	61,920	-	61,920	43,005	18,915
Supplies and Material	204,300	-	204,300	262,896	(58,596)
Property	20,000	-	20,000	649,771	(629,771)
Other Objects	2,350	-	2,350	1,498	852
TOTAL CENTRAL	2,142,580	-	2,142,580	2,879,314	(736,734)
OTHER SUPPORT SERVICES					
Other Purchased Services	92,500	-	92,500	76,464	16,036
TOTAL OTHER SUPPORT SERVICES	92,500	-	92,500	76,464	16,036
TOTAL SUPPORT SERVICES	33,361,340	-	33,361,340	35,501,807	(2,140,467)

**DALLASTOWN AREA SCHOOL DISTRICT
GENERAL FUND
SCHEDULES OF EXPENDITURES AND OTHER FINANCING USES-
BUDGET TO ACTUAL (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

EXPENDITURES	Original Budget	Transfers Increase (Decrease)	Final Revised Budget	Actual	Variance with Final Budget Positive (Negative)
OPERATION OF NON-INSTRUCTIONAL SERVICES					
STUDENT ACTIVITIES					
Salaries	1,005,361	-	1,005,361	797,939	207,422
Employee Benefits	440,683	-	440,683	355,132	85,551
Purchased Professional Services	111,500	-	111,500	116,345	(4,845)
Purchased Property Services	38,700	-	38,700	29,912	8,788
Other Purchased Services	153,350	-	153,350	167,654	(14,304)
Supplies and Material	149,300	-	149,300	237,267	(87,967)
Property	38,000	-	38,000	-	38,000
Other Objects	26,850	-	26,850	49,452	(22,602)
TOTAL STUDENT ACTIVITIES	1,963,744	-	1,963,744	1,753,701	210,043
COMMUNITY SERVICES					
Salaries	52,000	-	52,000	67,052	(15,052)
Employee Benefits	9,450	-	9,450	12,399	(2,949)
Purchased Professional Services	-	-	-	3,213	(3,213)
Other Purchased Services	-	-	-	-	-
Supplies and Material	-	-	-	45,001	(45,001)
Other Objects	4,500	-	4,500	6,868	(2,368)
TOTAL COMMUNITY SERVICES	65,950	-	65,950	134,533	(68,583)
TOTAL OPERATION OF NON- INSTRUCTIONAL SERVICES	2,029,694	-	2,029,694	1,888,234	141,460
FACILITIES ACQUISITION, CONSTRUCTION AND IMPROVEMENT SERVICES					
EXISTING BUILDING IMPROVEMENT SERVICES					
Purchased Property Services	-	-	-	540,258	(540,258)
Property	900,000	-	900,000	322,786	577,214
TOTAL EXISTING BUILDING IMPROVEMENT SERVICES	900,000	-	900,000	863,044	36,956
TOTAL FACILITIES ACQUISITION, CONSTRUCTION AND IMPROVEMENT SVC.	900,000	-	900,000	863,044	36,956
OTHER EXPENDITURES AND FINANCING USES					
DEBT SERVICE AND OTHER EXPENDITURES/FINANCING USES					
Interest	4,371,360	-	4,371,360	4,569,869	(198,509)
Redemption of Bonds or Capital Leases	5,358,000	-	5,358,000	4,192,497	1,165,503
Refund of Prior Year Receipts	-	-	-	-	-
Special Items	-	-	-	-	-
TOTAL DEBT SERVICE AND OTHER EXPENDITURES/FINANCING USES	9,729,360	-	9,729,360	8,762,366	966,994
INTERFUND TRANSFERS - OUT	-	-	-	3,803,608	(3,803,608)
BUDGETARY RESERVE	-	-	-	-	-
TOTAL OTHER EXPENDITURES AND FINANCING USES	9,729,360	-	9,729,360	12,565,974	(2,836,614)
TOTAL GENERAL FUND EXPENDITURES	127,317,866	4,000	127,321,866	131,964,713	(4,642,847)

**DALLASTOWN AREA SCHOOL DISTRICT
GENERAL FUND
SCHEDULES OF REVENUES AND OTHER FINANCING SOURCES-BUDGET TO ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
LOCAL REVENUE SOURCES			
Current Real Estate Tax	\$77,030,229	\$76,888,484	(\$141,745)
Interim Real Estate Tax	900,000	462,086	(\$437,914)
Public Utility Realty Tax	75,000	74,290	(\$710)
Payments in Lieu of Current Taxes	102,000	100,000	(\$2,000)
Earned Income Taxes - Act 511	7,375,000	7,876,657	\$501,657
Real Estate Transfer Tax	1,175,000	961,556	(\$213,444)
Delinquent Real Estate Taxes	1,000,000	994,965	(\$5,035)
Delinquent Earned Income Taxes	400,000	168,899	(\$231,101)
Interest on Investments	625,000	1,985,005	\$1,360,005
Admissions	100,000	113,866	\$13,866
Student Fees	700	360	(\$340)
Commissions	8,500	33,901	\$25,401
Student Pay To Park	6,700	5,937	(\$763)
Daycare Transportation	35,000	39,129	\$4,129
National Art Honor Society	-	6,006	\$6,006
Federal ACCESS Revenue Received as Pass Through	200,000	194,406	(\$5,594)
Federal IDEA Revenue Received as Pass Through	1,549,113	1,626,379	\$77,266
Rentals	35,000	15,730	(\$19,270)
Regular Day School Tuition	35,220	23,456	(\$11,764)
Summer School Tuition	40,000	59,177	\$19,177
Receipts from Other LEA in Pennsylvania	100,000	105,134	\$5,134
Revenue from Community Service Activities	75,000	92,333	\$17,333
Miscellaneous Revenue	45,000	35,403	(\$9,597)
Energy Incentives/Credits	25,000	21,604	(\$3,396)
TOTAL REVENUES FROM LOCAL SOURCES	\$ 90,937,462	\$ 91,884,764	\$ 947,302
STATE REVENUE SOURCES			
Basic Instructional Subsidy	\$12,892,502	\$15,328,991	\$2,436,489
Basic Instructional Subsidy - SSR	\$2,341,759	\$2,524,269	\$182,510
Tuition - Section 1305/1306	150,000	173,672	23,672
REACH (OVR)	-	29,891	29,891
Special Education	3,827,114	3,977,615	150,501
Transportation (Regular & Additional)	2,000,000	2,166,104	166,104
Rentals & Sinking Fund Payments	716,923	868,352	151,429
Health Services	115,000	111,981	(3,019)
State Property Tax Reduction Allocation	1,746,553	1,746,553	(0)
Ready to Learn	650,028	650,028	-
Safe Schools	-	-	-
PCCD Mental Health and Safety	-	322,072	322,072
State Share of Retirement Contributions	10,466,023	11,418,619	952,596
TOTAL STATE REVENUE SOURCES	\$34,905,902	\$39,318,148	\$4,412,246
FEDERAL REVENUE SOURCES			
Title I - Basic Program	\$694,243	\$781,246	87,003
Title II - Improving Teacher Quality	116,035	127,337	11,302
Title III - ESL	22,339	24,641	2,302
Title IV - Student Support and Academic Enrichment	55,850	53,735	(2,115)
ESSER II	-	426,199	426,199
ARP Homeless Children & Youth	-	27,963	27,963
ARP ESSER	149,000	938,868	789,868
ARP ESSER Set-Asides	-	148,000	148,000
TOTAL FEDERAL REVENUE SOURCES	1,037,467	2,527,988	1,490,521
OTHER REVENUE SOURCES			
Sale of Fixed Assets	7,500	16,547	9,047
Face Value - Bonds	-	4,595	4,595
RTU Arrangements	-	113,437	113,437
TOTAL OTHER REVENUE SOURCES	7,500	134,579	127,079
TOTAL LOCAL, STATE, FEDERAL AND OTHER REVENUES	126,888,331	\$133,865,478	\$6,977,147

DALLASTOWN AREA SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2024

Federal Grantor / Pass-Through Grantor / Project Title	Assistance Listing Number	Pass-Through Grantor's Number	Grant Period Beginning/ Ending Dates	Program or Award Amount	Total Received For the Year *	Accrued (Unearned) Revenue at July 1, 2023	Revenue Recognized	Expenditures	Accrued (Unearned) Revenue at June 30, 2024	Passed Through to Subrecipients
U.S. Department of Education										
Passed through the Pennsylvania Department of Education:										
Title I - Grants to Local Educational Agencies	84.010	013-23-0112	22-23	\$ 690,201	\$ (4,042)	\$ (4,042)	\$ -	\$ -	\$ -	\$ -
Title I - Grants to Local Educational Agencies	84.010	013-24-0112	23-24	876,875	640,621	-	781,246	781,246	140,625	-
Total Title I - Grants to Local Educational Agencies					636,579	(4,042)	781,246	781,246	140,625	-
Supporting Effective Instruction State Grants (Formerly Improving Teacher Quality State Grants)	84.367	020-23-0112	22-23	115,101	(934)	(1,431)	-	-	(497)	-
Supporting Effective Instruction State Grants (Formerly Improving Teacher Quality State Grants)	84.367	020-24-0112	23-24	150,521	149,239	-	127,337	127,337	(21,902)	-
Total Teacher and School Leader Incentive Grants (Formerly Improving Teach Quality State Grants)					148,305	(1,431)	127,337	127,337	(22,399)	-
English Language Acquisition State Grants	84.365	010-23-0112	22-23	23,687	2,837	2,837	-	-	-	-
English Language Acquisition State Grants	84.365	010-24-0112	23-24	25,432	23,737	-	24,641	24,641	904	-
Total English Language Acquisition State Grants					26,574	2,837	24,641	24,641	904	-
Student Support and Academic Enrichment Program	84.424	144-23-0112	22-23	58,628	28,841	28,841	-	-	-	-
Student Support and Academic Enrichment Program	84.424	144-24-0112	23-24	54,033	46,829	-	53,735	53,735	6,906	-
Total Student Support and Academic Enrichment Program					75,670	28,841	53,735	53,735	6,906	-
COVID-19 - Education Stabilization Fund	84.425D	200-21-0112	20-23	2,226,521	200,940	(69,925)	270,865	270,865	-	-
COVID-19 - Education Stabilization Fund	84.425U	223-21-0112	20-24	4,503,608	1,555,792	615,289	938,868	938,868	(1,635)	-
COVID-19 - Education Stabilization Fund	84.425U	225-21-0112	20-24	350,033	114,556	21,623	147,999	147,999	55,066	-
COVID-19 - Education Stabilization Fund	84.425U	181-21-2112	21-24	27,963	-	(3,585)	27,963	27,963	24,378	-
Total Education Stabilization Fund					1,871,288	563,402	1,385,695	1,385,695	77,809	-
Passed through the Lincoln Intermediate Unit:										
Special Education Cluster (IDEA):										
Special Education Grants to States	84.027	N/A	23-24	1,617,373	1,617,373	-	1,617,373	1,617,373	-	-
Special Education Preschool Grants	84.173	N/A	23-24	9,006	9,006	-	9,006	9,006	-	-
Total Special Education Cluster (IDEA)					1,626,379	-	1,626,379	1,626,379	-	-
Total U.S. Department of Education					4,384,795	589,607	3,999,033	3,999,033	203,845	-

(Continued)

See accompanying notes to schedule of expenditures of federal awards.

DALLASTOWN AREA SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2024

<u>Federal Grantor / Pass-Through Grantor / Project Title</u>	Assistance Listing Number	Pass-Through Grantor's Number	Grant Period Beginning/ Ending Dates	Program or Award Amount	Total Received For the Year	Accrued (Unearned) Revenue at July 1, 2023	Revenue Recognized	Expenditures	Accrued (Unearned) Revenue at June 30, 2024	Passed Through to Subrecipients
<u>U.S. Department of Agriculture</u>										
Child Nutrition Cluster										
Passed through the Pennsylvania Department of Education:										
School Breakfast Program	10.553	N/A	23-24	n/a	927,619	-	927,619	927,619	-	-
Passed through the Pennsylvania Department of Agriculture:										
National School Lunch Program	10.555	N/A	23-24	n/a	333,785	-	333,785	333,785	-	-
Passed through the Pennsylvania Department of Education:										
National School Lunch Program	10.555	N/A	23-24	n/a	146,732	-	146,732	146,732	-	-
National School Lunch Program	10.555	N/A	23-24	n/a	1,439,656	-	1,439,656	1,439,656	-	-
Total National School Lunch Program					1,920,173	-	1,920,173	1,920,173	-	-
Total Child Nutrition Cluster					2,847,792	-	2,847,792	2,847,792	-	-
Passed through the Pennsylvania Department of Education:										
Pandemic EBT Administrative Costs	10.649	2-06-67-160	23-24	n/a	3,256	-	3,256	3,256	-	-
Total U.S. Department of Agriculture					2,851,048	-	2,851,048	2,851,048	-	-
Total Expenditures of Federal Awards					\$ 7,235,843	\$ 589,607	\$ 6,850,081	\$ 6,850,081	\$ 203,845	\$ -

* - Negative portions denote unspent funding returned back to funder.

(Concluded)

See accompanying notes to schedule of expenditures of federal awards.

DALLASTOWN AREA SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2024

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Dallastown Area School District (District) under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

2. Summary of Significant Accounting Policies

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

Dallastown Area School District

Independent Auditor's Reports
Required by the Uniform Guidance

Year Ended June 30, 2024

**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
Dallastown Area School District**

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 Dallastown Area School District (District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated December 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

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

Our consideration of internal control 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. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a material weakness.

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*.

The District's Response to the 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maher Duessel

Harrisburg, Pennsylvania
December 10, 2024

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

**Board of School Directors
Dallastown Area School District**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Dallastown Area School District’s (District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2024. 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 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the District and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

Board of School Directors
Dallastown Area School District
Independent Auditor's Report on Compliance for Each
Major Program and on Internal Control over 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.

Maher Duessel

Harrisburg, Pennsylvania
December 10, 2024

DALLASTOWN AREA SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2024

I. Summary of Audit Results

1. Type of auditor's report issued: Unmodified, prepared in accordance with Generally Accepted Accounting Principles.

2. Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiencies identified that are not considered to be material weakness(es)? yes none reported

3. Noncompliance material to financial statements noted? yes no

4. Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiencies identified that are not considered to be material weakness(es)? yes none reported

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

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? yes no

7. Major Programs:

Assistance Listing Number(s)

84.027/84.173

84.425D, 84.425U

Name of Federal Program or Cluster

Special Education Cluster

COVID - 19 – Education Stabilization Fund

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

9. Auditee qualified as low-risk auditee? yes no

DALLASTOWN AREA SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2024

- II. Findings related to the financial statements which are required to be reported in accordance with GAGAS.

Finding 2024-001: Financial Reporting

Condition: The District did not have sufficient controls in place to ensure that the financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). During the audit process, material adjustments were proposed and recorded to the District's records by the auditors, as approved by management, in order that the financial statements could be prepared in accordance with GAAP. In the Food Service Fund, due to other funds and receivables were understated by approximately \$30,000 and cash and unearned revenues were understated by approximately \$49,000. In the General Fund, accrued salaries and benefits and expenses were understated by approximately \$435,000 and taxes receivables and local sources revenue were overstated by approximately \$302,000. In the Private Purpose Trust Fund, cash and transfers were overstated by approximately \$49,000. In addition, the capital asset rollforward had improper additions and construction in process.

Criteria: Auditing standards place emphasis on determining an entity's ability to fully prepare their own external financial statements, including the posting of all adjustments necessary to present GAAP financials. Reliance on auditors to ensure comprehensive financial reporting is considered to be an internal control deficiency.

Cause: The District did not reconcile some of its balance sheet accounts to the general ledger and did not post all necessary adjustments for the balances to be recorded in accordance with GAAP. The District's internal control structure did not facilitate the reporting of GAAP basis financial statements.

Effect: Adjustments were required to be recorded in order for the financial statements to be prepared in accordance with GAAP. Adjustments were also needed to the capital asset rollforward to properly record capital asset activity during the year.

Recommendation: We recommend that management evaluate their internal controls over the financial reporting process and ensure that all accounting records are properly reconciled and reviewed so that the financial statements are prepared in accordance with GAAP.

View of Responsible Official: Management agrees with the finding. See the corrective action plan.

DALLASTOWN AREA SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2024

III. Findings and questioned costs for federal awards.

No matters were reported.

DALLASTOWN AREA SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2024

- I. Findings related to the financial statements which are required to be reported in accordance with GAGAS.

Finding 2023-001: Financial Reporting

Condition: The District did not have sufficient controls in place to ensure that the financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). During the audit process a material adjustment was proposed and recorded to the District's records by the auditors in order that the financial statements could be prepared in accordance with GAAP. This adjustment was necessary to correctly record accounts payable and expenses on the capital projects fund.

Recommendation: We recommend that management evaluate their internal controls over the financial reporting process and ensure that all accounting records are reviewed so that the financial statements are prepared in accordance with GAAP.

Current Status: Corrective action has not been fully implemented.

- II. Findings and questioned costs for federal awards.

U.S. Department of Education - COVID - 19 – Education Stabilization Fund

Finding 2023-002: Special Tests and Provisions – Wage Rate Requirements

Condition: The District did not have sufficient controls in place to ensure that all construction contracts in excess of \$2,000 financed by federal assistance funds included verbiage to ensure that all laborers and mechanics employed by contractors or subcontractors were paid wages not less than those established for the locality of the project (prevailing wage rates) by the Department of Labor (40 USC 3141-3144, 3146, and 3147).

Current Status: Corrective action has been implemented. The District adopted new purchase order language to include terms and conditions requiring suppliers to agree to and accept all applicable provisions of Appendix II to Part 200, Title 2 of the Code of Federal Regulations.

APPENDIX F
BOND AMORTIZATION SCHEDULE