

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 19, 2025

NEW ISSUE—BOOK-ENTRY ONLY

RATINGS: S&P: "AA" (Stable) (Insured)
S&P: "AA-" (Stable) (Underlying)
(See Ratings herein)

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Bonds, including interest in the form of original issue discount, will not be includible in gross income of the holders thereof for federal income tax purposes, assuming continuing compliance by the School District with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds will not be a specific preference item for purposes of computing the federal alternative minimum tax on individuals. Under the laws of the Commonwealth of Pennsylvania, as enacted and construed on the date hereof, interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax. See "TAX MATTERS" herein.

\$15,000,000*

Lower Dauphin School District
Dauphin County, Pennsylvania
General Obligation Bonds, Series of 2025

Dated: Date of Delivery
Interest Due: March 15 and September 15

Principal Due: September 15, as shown on inside cover
First Interest Payment: September 15, 2025

The General Obligation Bonds, Series of 2025 (the "Bonds") described herein are in the aggregate principal amount of \$15,000,000*. The Bonds will be registered in the name of Cede & Co., as the registered owner and nominee of The Depository Trust Company ("DTC"), New York, New York. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or any integral multiple thereof only under the book-entry only system maintained by DTC through its brokers and dealers who are, or act through, DTC Participants (defined herein). The purchasers of the Bonds will not receive physical delivery of the Bonds. For so long as any purchaser is the beneficial owner of a Bond, that purchaser must maintain an account with a broker or a dealer who is, or acts through, a DTC Participant to receive payment of principal of and interest on the Bonds. See "BOOK-ENTRY ONLY SYSTEM," herein. If, under the circumstances described herein, Bonds are ever issued in certificated form, the Bonds will be subject to registration of transfer, exchange and payment as described herein.

The Bonds are general obligations of the Lower Dauphin School District, Dauphin County, Pennsylvania (the "School District"), payable from its tax and other general revenues. The School District has covenanted that it will include the amount of the debt service for the Bonds for each fiscal year in which such sums are payable in its budget for that fiscal year, appropriate from its general revenues in each such fiscal year the amount of the debt service on the Bonds for such fiscal year and duly and punctually pay or cause to be paid from the related sinking fund or any other of its revenues or funds the principal of and the interest on each Bond on the dates, at the place and in the manner stated in the Bonds, and for such budgeting, appropriation and payment the School District irrevocably has pledged its full faith, credit and taxing power, within the limits established by law (See "THE BONDS" "SECURITY FOR THE BONDS" and "TAXING POWERS OF THE SCHOOL DISTRICT" infra).

Interest on each of the Bonds is payable initially on September 15, 2025, and thereafter semiannually on March 15 and September 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. The School District has appointed Manufacturers and Traders Trust Company, Buffalo, New York (the "Paying Agent"), as paying agent, registrar and sinking fund depository for the Bonds. So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, payments of the principal of, redemption premium, if any, and interest on the Bonds, when due for payment, will be made directly to DTC by the Paying Agent, and DTC will in turn remit such payments to DTC Participants for subsequent disbursement to the Beneficial Owners (defined herein) of the Bonds. If the use of the Book-Entry Only System for the Bonds is ever discontinued, the principal of and redemption premium, if any, on each of the Bonds will be payable, when due, upon surrender of such Bond to the Paying Agent at its specified corporate trust office in Philadelphia, Pennsylvania (or any successor paying agent at its designated office(s)) and interest on such Bond will be payable by check made out and mailed to the person(s) in whose name(s) such Bond is registered as of the Record Date (defined herein) with respect to the particular interest payment date. See "THE BONDS" herein.

The Bonds are subject to redemption prior to maturity as described herein.

Proceeds of the Bonds will be used to fund (i) the renovation and replacement of the HVAC systems at the elementary schools and middle school, and (ii) upgrades to the athletic facilities, and (iii) the payment of the costs and expenses of issuing and insuring the Bonds.

The Bonds are an authorized investment for fiduciaries in the Commonwealth pursuant to the Pennsylvania Probate, Estate and Fiduciaries Code, Act of June 30, 1972, No. 164, P.L. 508, as amended and supplemented.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Inc. ("AG").



MATURITIES, AMOUNTS, RATES, INITIAL OFFERING YIELDS/PRICES AND CUSIPS
See Inside Cover Page

The Bonds are offered when, as and if issued, subject to withdrawal or modification of the offer without notice, and subject to the approving legal opinion of Eckert Seamans Cherin & Mellott, LLC, Bond Counsel, of Harrisburg, Pennsylvania, to be furnished upon delivery of the Bonds. Certain other legal matters will be passed upon for the School District by Stock and Leader, LLP of York, Pennsylvania, School District Solicitor and by McNees Wallace and Nurick, LLC, of Lancaster, Pennsylvania, Limited Scope Underwriter's Counsel. PFM Financial Advisors LLC, Harrisburg, Pennsylvania, serves as Financial Advisor to the School District in connection with the issuance of the Bonds. It is expected that the Bonds will be available for delivery through DTC in New York, New York, on or about March __, 2025.

RAYMOND JAMES®

Dated: _____

*Estimated, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion, amendment or other change without notice. The Bonds may not be sold nor may offers to buy be accepted prior to the time the Preliminary Official Statement is delivered in final form. 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 the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the applicable securities laws of any such jurisdiction.

\$15,000,000*
Lower Dauphin School District
Dauphin County, Pennsylvania
General Obligation Bonds, Series of 2025

Dated: Date of Delivery
Interest Due: March 15 and September 15

Principal Due: September 15, as shown below
First Interest Payment: September 15, 2025

BOND MATURITY SCHEDULE:

Maturity Date (September 15) Year	Principal Amounts	Interest Rates	Initial Offering Yield	Initial Offering Prices	CUSIP Numbers ⁽¹⁾
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					
2044					
2045					
2046					
2047					
2048					
2049					

⁽¹⁾The above 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 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.

*Estimated, subject to change.

Lower Dauphin School District

Dauphin County, Pennsylvania

BOARD OF SCHOOL DIRECTORS

Debra J. Macut.....	President
John J. Kaschak.....	Vice President
Carron K. Wolf.....	Secretary*
Michele I. Hereshko.....	Treasurer*
Lisa Foley.....	Member
Robert P. Hill, Jr.	Member
Dr. Andrew C. Miller.....	Member
Thomas W. Scott.....	Member
Amanda L. Unger.....	Member
Jeffrey A. Neely.....	Member
Lisa M. Stokes.....	Member

*Non-Voting Member

SUPERINTENDENT
ROBERT J. GILDEA

BUSINESS MANAGER
MICHELLE D. SHULER

SCHOOL DISTRICT SOLICITOR
STOCK AND LEADER, LLP
York, Pennsylvania

BOND COUNSEL
ECKERT SEAMANS CHERIN & MELLOTT, LLC
Harrisburg, Pennsylvania

FINANCIAL ADVISOR
PFM FINANCIAL ADVISORS LLC
Harrisburg, Pennsylvania

UNDERWRITER
RAYMOND JAMES & ASSOCIATES, INC.
Lancaster, Pennsylvania

LIMITED SCOPE UNDERWRITER'S COUNSEL
MCNEES WALLACE & NURICK, LLC
Lancaster, Pennsylvania

PAYING AGENT
MANUFACTURERS AND TRADERS TRUST COMPANY
Buffalo, New York

SCHOOL DISTRICT ADDRESS
291 East Main Street
Hummelstown, Pennsylvania 17036-1799

No dealer, broker, salesman or other person has been authorized by the Lower Dauphin School District, Dauphin County, Pennsylvania (the "School District") to give information or to make any representations, other than those contained in this Preliminary Official Statement, and if given or made, such other information or representations may not be relied upon as having been authorized by the School District or the Underwriter. This Preliminary 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. The information set forth herein has been obtained from and approved by the School District and from other sources which are believed to be reliable but the School District does not guarantee the accuracy or completeness of information from sources other than the School District. The information and expressions of opinion herein are made as of the date hereof and are subject to change without notice and neither the delivery of this Preliminary Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in any of the information set forth herein since the date hereof.

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

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

THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE RESOLUTION BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE BONDS OR THE RESOLUTION IN ACCORDANCE WITH APPLICABLE PROVISIONS OF THE SECURITIES LAWS OF CERTAIN STATES, IF ANY, IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN CERTAIN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS PRELIMINARY OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

If and when included in this Preliminary Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," "assumes" and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. Such risks and uncertainties which could affect the revenues and obligations of the School District include, among others, changes in economic conditions, mandates from other governments and various other events, conditions and circumstances, many of which are beyond the control of the School District. Such forward-looking statements speak only as of the date of this Preliminary Official Statement. The School District disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the School District's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. None of the information contained herein, including any assumptions which relate to any forward-looking statements, has been modified to reflect changes, if any, which may occur as a result of the COVID-19 pandemic.

The quotations from and summaries and explanation of provisions of laws and documents contained herein, including the cover page, inside cover page and Appendices attached hereto, do not purport to be complete. Reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Preliminary Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact.

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

IN MAKING ANY INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Assured Guaranty Inc. ("AG") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Preliminary Official Statement or any information or disclosure contained herein, or omitted here from, other than with respect to the accuracy of the information regarding AG, supplied by AG and presented under the heading "BOND INSURANCE" and "Appendix E -Specimen Municipal Bond Insurance Policy".

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
INTRODUCTION	1	DEBT AND DEBT LIMITS	22
PURPOSE OF THE ISSUE	1	Debt Statement	22
Sources and Uses of Bond Proceeds	1	Debt Limit and Remaining Borrowing Capacity	23
THE BONDS	2	Debt Service Requirements.....	23
Description	2	Future Financing	24
Payment of Principal and Interest	2	LABOR RELATIONS	25
Transfer, Exchange and Registration of Bonds	3	School District Employees	25
REDEMPTION OF BONDS	3	Pension Program	25
Optional Redemption	3	Other Post-Employment Benefits	26
Mandatory Redemption.....	3	LITIGATION	26
Notice of Redemption	3	DEFAULTS AND REMEDIES	26
Manner of Redemption.....	4	TAX MATTERS	26
SECURITY FOR THE BONDS	4	Federal.....	26
Sinking Fund	4	Pennsylvania.....	27
Commonwealth Enforcement of Debt Service Payments	4	Other.....	27
Pennsylvania Budget Adoption.....	5	BONDHOLDER CONSIDERATIONS	27
Act 85 of 2016.....	6	Cybersecurity	27
Security.....	6	Climate Change.....	28
BOOK-ENTRY ONLY SYSTEM	6	Economic Factors Affecting the Financial Condition of the	
BOND INSURANCE	8	School District.....	28
BOND INSURANCE RISK FACTORS	10	Uncertainty of Tax Revenues.....	28
THE SCHOOL DISTRICT	10	Charter Schools	28
Introduction	10	Actions In the Event of Default	28
Administration.....	11	Competing Commonwealth Intercept Authorities	28
School Facilities	11	Pension Plans and Pension Funding Pressure.....	29
Enrollment Trends.....	11	No Assurance of Secondary Market for the Bonds	29
SCHOOL DISTRICT FINANCES	12	Impact of Economic Conditions on Project Costs	
Introduction	12	and Schedule	29
Financial Reporting	12	Risk of Audit by Internal Revenue Service	29
Budgeting Process in School Districts under the Taxpayer		CONTINUING DISCLOSURE UNDERTAKING	29
Relief Act.....	12	RATINGS	30
Summary and Discussion of Financial Results.....	13	UNDERWRITING	31
General Fund Revenue	14	LEGAL OPINIONS	31
TAXING POWERS OF THE SCHOOL DISTRICT	15	FINANCIAL ADVISOR	31
In General	15	MISCELLANEOUS	31
The Taxpayer Relief Act (Act 1)	16	APPENDIX A - DEMOGRAPHIC AND ECONOMIC INFORMATION	
Status of the Bonds Under Act 1.....	16	RELATING TO THE LOWER DAUPHIN SCHOOL DISTRICT	
Act 130 of 2008.....	17	Population.....	1
Act 48 of 2003 – Limitation on School District Fund		Income	4
Balances.....	17	Commercial Activity.....	4
Tax Levy Trends	18	APPENDIX B - FORM OF OPINION OF BOND COUNSEL	
Real Property Tax.....	18	APPENDIX C - FORM OF CONTINUING DISCLOSURE AGREEMENT	
Other Taxes	20	APPENDIX D - AUDITED FINANCIAL REPORT	
COMMONWEALTH AID TO SCHOOL DISTRICTS	21	APPENDIX E - SPECIMEN MUNICIPAL BOND INSURANCE POLICY	
Current Lack of State Appropriations for Debt Service			
Subsidies.....	21		

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PRELIMINARY OFFICIAL STATEMENT

\$15,000,000*

Lower Dauphin School District Dauphin County, Pennsylvania General Obligation Bonds, Series of 2025

INTRODUCTION

This Preliminary Official Statement, including the cover page hereof, is furnished by Lower Dauphin School District, Dauphin County, Pennsylvania (the "School District") in connection with the offering of its Bonds consisting of the \$15,000,000* General Obligation Bonds, Series of 2025 (the "Bonds"). The Bonds are being issued pursuant to, and are secured by, a Resolution of the Board of School Directors of the School District, adopted on February 10, 2025 (the "Resolution"), and pursuant to the Local Government Unit Debt Act of the Commonwealth of Pennsylvania (the "Commonwealth"), 53 Pa.C.S. Chs. 80-82 (the "Act").

PURPOSE OF THE ISSUE

Proceeds of the Bonds will be used to fund (i) the renovation and replacement of the HVAC systems at the elementary schools and middle school, and (ii) upgrades to the athletic facilities, and (iii) the payment of the costs and expenses of issuing and insuring the Bonds.

Sources and Uses of Bond Proceeds

The following is a summary of the estimated sources and uses of the proceeds from the issuance of the Bonds.

<u>Sources of Funds</u>	<u>Total</u>
Par Amount	
Plus/Less: Net Original Issue Premium/Discount	
Total Sources of Funds	<hr/> <hr/>
<u>Uses of Funds</u>	
Construction Fund Deposit.....	
Issuance Cost ⁽¹⁾	
Total Uses of Funds	<hr/> <hr/>

⁽¹⁾Includes legal fees, financial advisor fees, printing fees, rating fees, Underwriter's discount, municipal bond insurance premium, paying agent fees, CUSIP fees, and other miscellaneous costs.

*Estimated, subject to change.

THE BONDS

Description

The Bonds will be issued in fully registered form, in denominations of \$5,000 and integral multiples thereof, will be in the aggregate principal amount of \$15,000,000*, will be dated as of the date of delivery, and will bear interest at the rates and mature in the amounts and on the dates set forth on the inside front cover of this Preliminary Official Statement. Interest on each of the Bonds is payable initially on September 15, 2025, and thereafter semiannually on March 15 and September 15 (each an "Interest Payment Date") of each year until the maturity date of such Bond or, if such Bond is subject to redemption prior to maturity and is called for redemption prior to maturity in accordance with the terms thereof and of the Resolution, 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 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, redemption premium, if any, and interest on the Bonds, when due, are to be made by the Paying Agent 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, redemption premium, if any, 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 directly to the Beneficial Owners of the Bonds and payment of principal, redemption premium, if any, and interest on the Bonds shall be made as described in the following paragraphs:

The principal of the Bonds, when due upon maturity or upon any earlier redemption, will be paid to the registered owners of such Bonds, or registered assigns, upon surrender of such Bonds to Manufacturers and Traders Trust Company (the "Paying Agent"), acting as paying agent and sinking fund depository for the Bonds, at its specified corporate trust office in Buffalo, New York or at any additional, designated office or offices (or to any successor paying agent at its designated office(s)).

Interest will be payable to the registered owner of a Bond from the Interest Payment Date next preceding the date of registration and authentication of such 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 September 15, 2025, in which event such Bond shall bear interest from the Date of Delivery of the Bonds, 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 each certificated Bond will be payable by the Paying Agent, which shall be paid to the registered owner whose name and address shall appear, at the close of business on the fifteenth day 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 such certificated 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 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 payment of such principal or interest shall be made on the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions in the Commonwealth 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.

*Estimated, subject to change.

Transfer, Exchange and Registration of Bonds

Bonds are transferable or exchangeable by the registered owners thereof upon surrender of Bonds to the Paying Agent, at its specified corporate trust office located in Philadelphia, Pennsylvania or any other office designated by the Paying Agent, when duly endorsed or accompanied by a written instrument or instruments of transfer 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 Bonds in the registration books and shall authenticate and deliver in the name of the transferee or transferees a new fully registered bond or bonds of authorized denominations of the same series and maturity for the aggregate principal amount which the transferee or transferees are entitled to receive at the earliest practicable time. The School District and the Paying Agent may deem and treat the registered owner of any Bond as the absolute owner thereof (whether or not a 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.

This School District and the Paying Agent shall not be required to register the transfer of or exchange any of the Bonds then considered for redemption during the 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 notice of redemption, as hereinafter provided, or to register the transfer of or exchange any portion of any of the Bonds selected for redemption in whole or in part until after the redemption date. 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

Optional Redemption

The Bonds maturing on and after September 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 maturity selected by the School District), at any time on or after _____ at a price equal to 100% of the principal amount of the Bonds to be redeemed, together with 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 to be redeemed shall be drawn by lot by the Paying Agent.

Mandatory Redemption

In the manner and upon the terms and conditions provided in the Resolution, the Bonds stated to mature on September 15, ____ are subject to mandatory sinking fund redemption prior to maturity on the following dates (at a price equal to the principal amount of the Bonds called for mandatory redemption, plus accrued interest thereon to the date fixed for such mandatory redemption) in the following principal amounts, as drawn by lot by the Paying Agent:

Bonds stated to mature September 15:

*Stated Maturity

Notice of Redemption

Notice of any optional redemption shall be given by depositing a copy of the redemption notice in first class mail not less than thirty (30) days prior to the date fixed for optional redemption, addressed to each of the registered owners of Bonds to be redeemed at the addresses shown on the registration books kept by the Paying Agent; 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.

Such notice shall be given in the name of the School District, shall identify the Bonds to be redeemed (and, in the case of a partial redemption of any Bonds, the respective principal amounts thereof to be redeemed), shall specify the redemption date and the redemption price, and shall state that on the redemption date the Bonds called for redemption will be payable at the designated corporate trust office of the Paying Agent and that interest will cease to accrue from the date of redemption. The Paying Agent may use "CUSIP" numbers (if then generally in use) in notices of redemption as a convenience to registered owners of the Bonds, provided that any such notice shall state that no representation is made as to the correctness of such numbers either as printed on the Bonds or as contained in any notice of redemption and that reliance may be placed only on the identification numbers printed on the Bonds.

On the date designated for optional redemption, notice having been provided as aforesaid, and money for payment of the principal and accrued 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 to such Bonds, except to receive payment of the principal of and accrued interest on such Bonds to the date fixed for redemption.

If at the time of mailing any notice of redemption the School District shall not have deposited with the Paying Agent moneys sufficient to redeem all the Bonds called for redemption, such notice may state that it is conditional, that is subject to the deposit of the redemption moneys with the Paying Agent no later than the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

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 to Beneficial Owners.

Manner of Redemption

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 Bond, payment of the redemption price shall be made only upon surrender of such Bond in exchange for a Bond of Bonds of authorized denominations in 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 a day on which banking institutions in the Commonwealth are authorized or required by law or executive order to close, then payment of the 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 in the Commonwealth 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 for payment of the principal, interest or redemption price and no interest shall accrue thereon for or period after such due date.

So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, however, payment of the redemption price shall be made to Cede & Co. in accordance with the existing arrangements by and among the School District, the Paying Agent and DTC and, if less than all Bonds of any particular maturity are to be redeemed, the amount of the interest of each DTC Participant, Indirect Participant and Beneficial Owner in 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.

SECURITY FOR THE BONDS

Sinking Fund

The sinking fund for the payment of debt service on the Bonds (the "Sinking Fund"), has been created under the Resolution and shall be maintained by the Paying Agent as sinking fund depository. The School District shall deposit in the Sinking Fund on or before each March 15 and September 15 a sufficient sum so that on each payment date the Sinking Fund will contain an amount which, together with any other funds available therein, is sufficient to pay in full interest and/or principal then due on the Bonds. (See “Intercept of Commonwealth Appropriations” below).

The Sinking Fund shall be held by the Paying Agent, as sinking fund depository, and funds deposited therein will be invested by the Paying Agent in such securities or shall be deposited in such funds or accounts as are authorized by law, 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 Paying Agent, as sinking fund depository, and such deposits and securities, together with the interest thereon, shall be a part of the Sinking Fund.

The Paying Agent, as sinking fund depository, is authorized without further order from the School District to pay from the Sinking Fund the principal of and interest on the Bonds, as and when due and payable.

Commonwealth Enforcement of Debt Service Payments

Section 633 of the Pennsylvania Public School Code of 1949, as amended (the “Public School Code”), presently 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 at 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 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. Enforcement may also be limited by bankruptcy, insolvency, or other laws or equitable principles affecting the enforcement of creditors' rights generally. But see "**Pennsylvania Budget Adoption**".

Pennsylvania Budget Adoption

Due to the uncertainty of funding and expenditures caused by the COVID-19 pandemic, on May 29, 2020, the governor passed a five-month stopgap budget for the 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. On November 23, 2020, the Governor approved the 2020-21 Supplemental Budget. The 2020-21 Supplemental Budget 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 timely signed the state's 2021-2022 fiscal year budget on June 30, 2021. That 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 some in both urban and rural areas of the state. 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 2021-2022 budget.

After a week's delay, a \$45.2 billion budget for the state's 2022-2023 fiscal year was signed by Governor Tom Wolf on July 8, 2022, which included \$7.6 billion for the basic education funding appropriation and \$225 million to supplement those school districts with a higher at-risk student population. The total amount was a \$767.8 million (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 includes \$8.4 billion for the basic education funding appropriation. The total amount is a \$796.6 million (10.45%) increase over the 2022-2023 fiscal year appropriation. The budget also provides \$50 million in additional aid to school districts for special education services for a total of \$1.3 billion. Certain funds authorized within the 2023-2024 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.

Governor Josh Shapiro signed the state's budget for the 2024-25 fiscal year 11 days late on July 11, 2024. The \$47.6 billion budget included \$8.097 billion for the basic education funding appropriation. The total amount was a \$225 million increase over the 2023-2024 fiscal year appropriation. The budget also provided \$100 million in additional aid to school districts for special education services for a total of \$1.487 billion and \$100 million for cyber charter school tuition reimbursement. 348 school districts (including the School District) will receive additional funding totaling \$493.8 million under a new Adequacy Supplement. 182 school districts will receive an additional \$60 million in total of Hold Harmless Relief Supplement as a component of their basic education funding.

*During a state budget impasse, school districts in Pennsylvania cannot be certain when 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 School Code, however recent legislation included in Act 85 of 2016 has attempted to address the timeliness of the withholding provisions of Section 633 of the School Code during any future budget impasses. See "**Act 85 of 2016**" hereinafter.*

Act 85 of 2016

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 from a school district 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 bonds, 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 Pennsylvania Department of Education ("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 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 such format as PDE may direct, a copy of the final Preliminary Official Statement for the relevant bonds or notes or the loan documents relating to the obligations, within thirty (30) days of receipt of the proceeds of the obligations. The School District intends on submitting 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.

Security

The Bonds will be general obligations of the School District, payable from its tax and other general revenues. The School District has covenanted that it will include the amount of the debt service for the Bonds for each fiscal year in which such sums are payable in its budget for that fiscal year, appropriate from its general revenues in each such fiscal year the amount of the debt service on the Bonds for such fiscal year and duly and punctually pay or cause to be paid from the related sinking fund or any other of its revenues or funds the principal of and the interest on each Bond on the dates, at the place and in the manner stated in the Bonds, and for such budgeting, appropriation and payment the School District irrevocably has pledged its full faith, credit and taxing power, within the limits provided by law (see "TAXING POWERS AND LIMITS" herein). The Act presently provides for enforcement of debt service payments as hereinafter described (see "Defaults and Remedies" herein), and the Public School Code presently provides for the withholding and application of subsidies in the event of failure to pay debt service (see "Commonwealth Enforcement of Debt Service Payments" herein).

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 maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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 a series and maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such series and maturity 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 on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Paying 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 Paying 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 ISSUER 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 Issuer 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 Preliminary Official Statement.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Inc. ("AG") will issue its Municipal Bond Insurance Policy (the "Policy") for the Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, Maryland, California, Connecticut or Florida insurance law.

Assured Guaranty Inc.

AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL" and together with its subsidiaries, "Assured Guaranty"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO." AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates. Only AG is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

AG's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A1" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AG should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AG in its sole discretion. In addition, the rating agencies may at any time change AG's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Merger of Assured Guaranty Municipal Corp. Into Assured Guaranty Inc.

On August 1, 2024, Assured Guaranty Municipal Corp., a New York domiciled financial guaranty insurance company and an affiliate of AG ("AGM"), merged with and into AG, with AG as the surviving company (such transaction, the "Merger"). Upon the Merger, all liabilities of AGM, including insurance policies issued or assumed by AGM, became obligations of AG.

Current Financial Strength Ratings

On October 18, 2024, KBRA announced it had affirmed AG's insurance financial strength rating of "AA+" (stable outlook).

On July 10, 2024, Moody's, following Assured Guaranty's announcement of the Merger, announced that it had affirmed AG's insurance financial strength rating of "A1" (stable outlook).

On May 28, 2024, S&P announced it had affirmed AG's financial strength rating of "AA" (stable outlook). On August 1, 2024, S&P stated that following the Merger, there is no change in AG's financial strength rating of "AA" (stable outlook).

AG can give no assurance as to any further ratings action that S&P, Moody's and/or KBRA may take. For more information regarding AG's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Capitalization of AG

At September 30, 2024:

- The policyholders' surplus of AG was approximately \$3,644 million.
- The contingency reserve of AG was approximately \$1,374 million.
- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately \$2,438 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AG, and (ii) the net unearned premium reserves and net deferred ceding commissions of AG's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK"), and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

The policyholders' surplus, contingency reserve, and net unearned premium reserves and net deferred ceding commission income of AG were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AG are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (filed by AGL with the SEC on February 28, 2024);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2024 (filed by AGL with the SEC on May 8, 2024);
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2024 (filed by AGL with the SEC on August 8, 2024); and
- (iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2024 (filed by AGL with the SEC on November 12, 2024).

All information relating to AG included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Inc.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except

for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AG included herein under the caption "BOND INSURANCE – Assured Guaranty Inc." or included in a document incorporated by reference herein (collectively, the "AG Information") shall be modified or superseded to the extent that any subsequently included AG Information (either directly or through incorporation by reference) modifies or supersedes such previously included AG Information. Any AG Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AG makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading "BOND INSURANCE".

BOND INSURANCE RISK FACTORS

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the applicable Bond Insurance Policy (the "Policy") for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the School District which is recovered by the School District from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the Bond Insurer at such time and in such amounts as would have been due absence such prepayment by the School District unless the Bond Insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Bond Insurer without appropriate consent. The Bond Insurer may direct and must consent to any remedies that the Paying Agent exercises and the Bond Insurer's consent may be required in connection with amendments to the applicable agreements.

In the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the moneys received by the Paying Agent pursuant to the applicable agreements. In the event the Bond Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The long-term ratings on the Bonds are dependent in part on the financial strength of the Bond Insurer and its claim paying ability. The Bond Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Bond Insurer and of the ratings on the Bonds insured by the Bond Insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See description under "RATINGS" below.

The obligations of the Bond Insurer are general obligations of the Bond Insurer and in an event of default by the Bond Insurer, the remedies available to the Paying Agent may be limited by applicable bankruptcy law or other similar laws related to insolvency.

Neither the School District or Underwriter has made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given.

THE SCHOOL DISTRICT

Introduction

The School District is located in Dauphin County (the "County") in central Pennsylvania, approximately 8 miles east of Harrisburg. The School District covers 89.1 square miles and is comprised of Hummelstown Borough and the Townships of Conewago, East Hanover, Londonderry and South Hanover. The resident population served by the School District was approximately 25,623.

Administration

The School District is governed by a nine-member Board of School Directors (the "School Board"), elected for four-year terms. The Superintendent is the chief administrative officer of the School District, with overall responsibility for all aspects of operations, including education and finance. The Business Manager is responsible for budget and financial operations. Both of these officials are appointed by the School Board.

School Facilities

The School District presently operates five elementary schools, a secondary school which houses some Administrative Offices and special education program, a middle school and a senior high school. The following table describes the School District facilities. Students in grades 9-12 also may attend the Dauphin County Technical School.

**TABLE 1
LOWER DAUPHIN SCHOOL DISTRICT
SCHOOL FACILITIES**

Building	Original Construction Date	Addition/ Renovation Date(s)	Grades	School Capacity	2024-25 Enrollment
<i>Elementary:</i>					
Annie B. Nye	1925	1972/1993/2004	K-5	405	318
Conewago	1956	1993/2012	K-5	620	248
East Hanover	1952	1963/1992/2004	K-5	405	336
Londonderry	1954	1981/1999	K-5	470	233
South Hanover	1956	1963/1991/2004	K-5	405	374
<i>Secondary:</i>					
Lower Dauphin Middle	1995	2003	6-8	1,104	783
Lower Dauphin Senior High	1960	1995/2003	9-12	1,359	1,056
Elizabeth Z. Price ⁽¹⁾	1891	1981	6-12	24	11
Lower Dauphin Administrative Offices....	1976	2006	---	---	

⁽¹⁾Additional Administrative Offices, student facility and special education programs.

Source: School District officials.

Enrollment Trends

The following table presents recent trends in school enrollment and projections of enrollment over the next five years, as prepared by School District officials.

**TABLE 2
LOWER DAUPHIN SCHOOL DISTRICT
ENROLLMENT TRENDS**

Actual Enrollments				Projected Enrollments			
School Year	Elementary	Secondary	Total	School Year	Elementary	Secondary	Total
2020-21	1,865	1,807	3,672	2025-26	1,750	1,677	3,427
2021-22	1,840	1,782	3,622	2026-27	1,753	1,680	3,433
2022-23	1,816	1,764	3,580	2027-28	1,721	1,692	3,413
2023-24	1,754	1,757	3,511	2028-29	1,729	1,674	3,403
2024-25	1,746	1,685	3,431	2029-30	1,736	1,626	3,362

Source: School District officials.

SCHOOL DISTRICT FINANCES

Introduction

The School District budgets and expends funds according to procedures mandated by the Pennsylvania Department of Education (“PDE”). An annual operating budget is prepared by the Superintendent and Business Manager and submitted to the School Board for approval prior to the beginning of the fiscal year on July 1.

Financial Reporting

The financial statements of the School District are prepared in accordance with accounting principles generally accepted in the United States of America. The School District keeps its books and prepares its financial reports according to a modified accrual basis of accounting. 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 applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989 unless they conflict with GASB pronouncements. The School District does not apply FASB pronouncements or APB opinions issued after November 30, 1989. The School District’s financial statements are audited by a firm of independent certified public accountants, as required by State law. The firm of Brown Plus, Certified Public Accountants, of Camp Hill, Pennsylvania, currently serves as School District Auditor.

Budgeting Process in School Districts under the Taxpayer Relief Act

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

Procedures for Adoption of the Annual Budget. Under the Taxpayer Relief Act, all school districts of the first class A, second class, third class and fourth class (except as described below) must adopt a preliminary budget proposal (which must include estimated revenues and expenditures and proposed tax rates) no later than 90 days prior to the date of the election immediately preceding the fiscal year. The preliminary budget proposal 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’ public notice of its intent to adopt the final budget.

If the adopted preliminary budget includes an increase in the rate of any tax levy, the preliminary budget must be submitted to the PDE no later than 85 days prior to the date of the election immediately preceding the fiscal year. PDE is to compare the proposed percentage increase in the rate of any tax with the school district’s Index (*see* “**The Taxpayer Relief Act**” herein) and within 10 days, but not later than 75 days prior to the upcoming election, inform the school district whether the proposed percentage increase is less than or equal to the Index. If PDE determines that a proposed tax increase will exceed the Index, the school district must reduce the proposed tax increase, seek voter approval for the tax increase at the upcoming election, or seek approval to utilize one 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**” 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 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 only that the proposed annual budget be prepared at least 30 days, and made available for public inspection at least 20 days, prior to its adoption, and that at least ten (10) days’ public notice be given of the board’s intent to adopt the annual budget. No referendum exceptions are available to a school district adopting such a resolution.

Summary and Discussion of Financial Results

A summary of the General Fund balance sheet and changes in fund balances are presented in Tables 3 and 4. Table 5 shows revenues and expenditures for the past 5 years, and the 2024-25 budget. The budget for the 2024-25 school year, as adopted June 10, 2024, is projecting revenue of \$75,602,417. Total budgeted expenditures are \$80,280,000, which includes a budgetary reserve of \$400,000.

TABLE 3
LOWER DAUPHIN SCHOOL DISTRICT
SUMMARY OF COMPARATIVE GENERAL FUND BALANCE SHEET*
(Years ending June 30)

ASSETS	2020	2021	2022	2023	2024
Cash and Cash Equivalent	\$1,191,025	\$722,777	\$751,796	\$1,595,623	\$683,970
Investments	20,946,866	18,291,568	18,615,548	17,491,358	14,963,900
Taxes Receivable	1,669,786	1,790,814	1,583,311	1,412,917	1,198,789
Due from Other Funds	0	225,000	0	0	0
Due from Other Governments	3,694,216	3,938,015	4,025,170	4,116,611	5,047,173
Other	189,081	421,295	154,937	299,785	401,531
Inventories	30,000	30,000	30,000	30,000	30,000
TOTAL ASSETS	<u>\$27,720,974</u>	<u>\$25,419,469</u>	<u>\$25,160,762</u>	<u>\$24,946,294</u>	<u>\$22,325,363</u>
LIABILITIES					
Accounts Payable	\$1,131,569	\$1,109,142	\$1,260,695	\$1,441,260	\$1,339,553
Due to Other Funds	1,200,000	0	0	0	0
Accrued Salaries and Benefits	6,384,591	6,614,688	6,532,947	6,975,993	7,285,539
Unearned Revenues	0	9,938	99,753	10,533	0
Other Current Liabilities	0	0	0	0	0
TOTAL LIABILITIES	<u>\$8,716,160</u>	<u>\$7,733,768</u>	<u>\$7,893,395</u>	<u>\$8,427,786</u>	<u>\$8,625,092</u>
DEFERRED INFLOWS OF RESOURCES	\$1,308,692	\$1,546,532	\$1,582,955	\$1,203,683	\$937,118
FUND EQUITIES					
Non-Spendable Fund Balance	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
Committed Fund Balance	7,600,000	7,600,000	7,600,000	7,600,000	7,600,000
Assigned Fund Balance	7,852,125	6,194,754	6,701,105	6,140,471	4,720,483
Unassigned Fund Balance	2,213,997	2,314,415	1,353,307	1,544,354	412,670
TOTAL FUND EQUITIES	<u>\$17,696,122</u>	<u>\$16,139,169</u>	<u>\$15,684,412</u>	<u>\$15,314,825</u>	<u>\$12,763,153</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITIES	<u>\$27,720,974</u>	<u>\$25,419,469</u>	<u>\$25,160,762</u>	<u>\$24,946,294</u>	<u>\$22,325,363</u>

Source: School District Annual Financial Reports.

TABLE 4
LOWER DAUPHIN SCHOOL DISTRICT GENERAL FUND
SUMMARY OF CHANGES IN FUND BALANCE*

	2020	2021	Actual	2023	2024	Budget
	2020	2021	2022	2023	2024	2025⁽¹⁾
Beginning Fund Balance	\$19,323,996	\$17,696,122	\$16,139,168	\$15,684,410	\$15,314,822	\$12,763,153
Revenues over (under) Expenditure	(1,627,874)	(1,556,954)	(454,758)	(369,587)	(2,551,669)	(4,677,583)
Prior Period Adjustment	0	0	0	0	0	0
Ending Fund Balance	<u>\$17,696,122</u>	<u>\$16,139,168</u>	<u>\$15,684,410</u>	<u>\$15,314,822</u>	<u>\$12,763,153</u>	<u>\$8,085,570</u>

*Totals may not add due to rounding.

⁽¹⁾Budget, as adopted June 10, 2024.

Source: School District's PDE - 2057 Annual Financial Reports and PDE-2028 Budget.

General Fund Revenue

The School District received \$73,808,406 in revenue in 2023-24 and has budgeted for \$75,602,417 in 2024-25. Local sources decreased as a share of total revenue in the past five years, from 64.07 percent in 2019-20 to 61.63 percent in 2023-24. Revenue from State sources decreased slightly as a share of total revenue from 34.81 percent to 34.36 percent over this period. Federal and other revenue increased as a share of total revenue from 1.12 percent to 4.01 percent during this period.

TABLE 5
LOWER DAUPHIN SCHOOL DISTRICT
SUMMARY OF SCHOOL DISTRICT GENERAL FUND
REVENUE*
(For years ending June 30)

REVENUE:	Actual					Budgeted
	2020	2021	2022	2023	2024	2025 ⁽¹⁾
Local Sources:						
Real Estate Taxes (Current)	\$29,462,437	\$29,374,083	\$29,910,474	\$30,811,803	\$31,894,458	\$35,334,676
Interim Real Estate Taxes	101,294	103,957	236,544	788,718	1,399,752	300,000
Total Act 511 Taxes.....	7,418,132	7,830,792	8,264,303	8,613,505	8,415,051	8,522,000
Per Capita (Sec. 679) Taxes.....	76,032	77,065	77,348	76,625	76,141	75,000
Public Utility Realty Tax	34,304	37,065	38,860	38,021	35,888	40,000
Payments in Lieu of Current Taxes.....	5,926	5,926	5,926	5,926	5,926	5,925
Delinquency on Taxes Levied	1,887,902	1,728,252	1,631,462	1,465,838	1,294,114	1,490,000
Earnings from Investments	435,207	44,135	43,541	881,620	1,213,730	1,000,000
Revenue from Student Activities.....	86,596	3,669	78,177	83,453	86,813	83,000
State Rev. Rec. Through Other Inter. SrCs.....	60,431	62,686	66,995	71,058	76,407	0
Rentals.....	72,029	28,326	38,091	44,165	49,170	50,000
Fed. IDEA Pass Through Revenue	732,754	744,227	710,982	718,630	713,565	781,565
Fed. ARP Act IDEA Rev. Rec. as Pass Through	0	0	0	101,253	27,961	0
Fed. ARRA IDEA Rev. Rec. as Pass Through	0	0	46,603	0	0	0
Contributions and Donations from Private SrCs.	22,361	20,000	28,956	33,596	44,103	40,000
Refunds of Prior Year Expenditures	0	0	0	0	0	60,000
Receipts from Other LEAs in PA Education.....	134,010	93,807	104,794	108,405	103,272	0
Tuition from Patrons	0	0	0	0	0	120,000
Other	11,858	8,976	13,028	5,978	50,286	0
Total Local Sources	\$40,541,274	\$40,162,967	\$41,296,084	\$43,848,595	\$45,486,637	\$47,902,166
State Sources:						
Basic Instructional Subsidy.....	\$10,840,316	\$10,921,593	\$11,258,283	\$11,901,872	\$11,679,332	\$12,474,869
Orphans & Children Placed in Priv. Homes.....	25,703	64,439	50,790	7,137	72,441	40,000
Special Education	2,372,259	2,372,183	2,490,677	2,669,226	2,762,697	2,762,809
Transportation (Regular and Additional)	1,536,406	1,464,043	1,435,194	1,503,409	1,533,756	1,575,000
Rental and Sinking Fund Payments	789,177	784,916	702,960	766,752	769,145	770,021
Health Services.....	65,885	67,095	64,918	64,728	63,947	70,000
State Property Tax Reduction Allocation.....	1,348,950	1,351,366	1,351,362	1,698,900	1,701,924	2,044,850
School Safety and Security Grants.....	24,750	39,747	0	69,006	186,520	40,000
Ready to Learn Block Grants.....	441,906	441,906	441,906	441,906	441,906	441,906
Revenue for Social Security Payments	(68,071)	0	0	0	1,088,672	1,221,310
Revenue for Retirement Payments.....	4,649,759	4,706,668	4,831,214	4,987,875	5,060,808	5,401,403
Total State Sources	\$22,027,041	\$22,213,955	\$22,627,304	\$24,110,813	\$25,361,147	\$26,842,168
Total Federal Sources.....	\$658,521	\$2,048,471	\$2,046,027	\$2,227,729	\$2,960,621	\$858,083
Total Other Sources.....	\$48,357	\$182,491	\$47,314	\$47,073	\$0	\$0
TOTAL REVENUE.....	\$63,275,193	\$64,607,883	\$66,016,729	\$70,234,210	\$73,808,406	\$75,602,417

*Totals may not add due to rounding.

⁽¹⁾Budget, as adopted June 10, 2024.

Source: School District's PDE - 2057 Annual Financial Reports and PDE-2028 Budget.

TABLE 5 (CONTINUED)
LOWER DAUPHIN SCHOOL DISTRICT
SUMMARY OF SCHOOL DISTRICT GENERAL FUND
EXPENDITURES*
(For years ending June 30)

EXPENDITURES:	Actual					Budgeted
	2020	2021	2022	2023	2024	2025 ⁽¹⁾
Instruction	\$40,525,734	\$42,095,747	\$42,451,279	\$43,087,628	\$46,518,344	\$49,267,801
Pupil Personnel.....	2,455,308	2,598,724	2,638,502	2,871,396	2,793,604	3,182,085
Instructional Staff.....	2,575,069	2,705,726	2,541,007	3,044,071	3,257,081	4,026,579
Administration.....	3,822,439	4,004,481	4,088,542	4,332,668	4,410,750	4,595,247
Pupil Health.....	673,710	715,348	772,051	809,970	859,544	967,533
Business.....	515,713	546,611	571,826	622,964	685,479	749,316
Operation & Maintenance of Plant Svcs.....	5,327,046	5,797,624	5,775,561	7,730,091	9,187,385	7,965,486
Student Transportation Services.....	2,751,061	2,638,683	2,858,288	2,957,873	3,401,944	3,730,294
Central.....	457,816	477,234	463,622	484,641	524,383	587,508
Other Support Services.....	41,237	40,021	39,856	39,190	38,888	40,706
Non-instructional Services.....	928,259	933,239	1,089,882	1,119,757	1,164,790	1,239,139
Debt Service.....	16,784	7,485	14,175	15,250	21,718	22,000
Fund Transfers.....	4,812,890	3,603,914	3,166,897	3,488,298	3,496,165	3,506,306
Budgetary Reserve.....	0	0	0	0	0	400,000
TOTAL EXPENDITURES.....	<u>\$64,903,067</u>	<u>\$66,164,837</u>	<u>\$66,471,487</u>	<u>\$70,603,797</u>	<u>\$76,360,075</u>	<u>\$80,280,000</u>
SURPLUS (DEFICIT) OF						
REVENUES OVER EXPENDITURES.....	<u>(\$1,627,874)</u>	<u>(\$1,556,954)</u>	<u>(\$454,758)</u>	<u>(\$369,587)</u>	<u>(\$2,551,669)</u>	<u>(\$4,677,583)</u>

*Totals may not add due to rounding.

⁽¹⁾Budget, as adopted June 10, 2024.

Source: School District's PDE - 2057 Annual Financial Reports and PDE-2028 Budget.

TAXING POWERS OF THE SCHOOL DISTRICT

In General

Subject to certain limitations imposed by the Taxpayer Relief Act, Act No. 1 of the Special Session of 2006, as amended (see "The Taxpayer Relief Act (Act 1)" herein), the School District is empowered by the Public School Code and other statutes to levy the following taxes:

1. A basic 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 or inhabitant 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, an additional per capita tax, a wage and other earned income 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") 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.

The Taxpayer Relief Act (Act 1)

Under Pennsylvania Act No. 1 of the Special Session of 2006, as amended by Act 25 of 2011 (“The Taxpayer Tax Relief Act” or “Act 1”), a school district may not, in fiscal year 2007-2008 or in any subsequent fiscal year, levy any tax for the support of the public schools which was not levied in the 2006-2007 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 (Act 511), 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 of the exceptions summarized below is applicable and the use of such exception is approved by the Pennsylvania Department of Education (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, or (ii) prior to June 27, 2006, in the case of a school district which had not elected to become subject to Act 72 of 2004; to pay interest and principal on any indebtedness approved by the voters at referendum (electoral debt); and 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; and
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.

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. 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.

The Index (to be determined and reported by PDE by September of each year for application to the following fiscal year) is the average of the percentage increase in the statewide average weekly wage, as determined by the State Department of Labor and Industry for the preceding calendar year, and the employment cost index for elementary and secondary schools, as reported by the federal Bureau of Labor Statistics for the preceding 12-month period beginning July 1 and ending June 30. If and when a school district has a Market Value/Income Aid Ratio greater than 0.40 for the prior school year, however, the Index is adjusted upward by multiplying the unadjusted Index by the sum of 0.75 and such Aid Ratio.

The Act 1 Index (the “Index”) applicable to the School District in the next, current, and prior fiscal years are as follows:

<u>Fiscal Year</u>	<u>Index %</u>
2021-22	3.7%
2022-23	4.2%
2023-24	5.0%
2024-25	6.5%
2025-26	4.8%

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 EIT or impose 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.

Status of the Bonds Under Act 1

The Bonds described in this Preliminary Official Statement do not represent debt that is eligible for an exception to the Index limits of Act 1.

Act 130 of 2008

Act 130 of 2008 of the Commonwealth amended the Local Tax Enabling Act so as to authorize school districts levying an occupation tax to replace that occupation tax with an increased earned income tax or, if the school district has implemented a personal income tax in accordance with the Taxpayer Relief Act, an increased personal income tax, in a revenue neutral manner. To so replace an occupation tax, the board of school directors must first hold at least one public hearing on the matter and then place a binding referendum question on the ballot at a general or municipal election for approval by the voters.

Act 48 of 2003 – Limitation on School District Fund Balances

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 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 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.

SET FORTH ABOVE IS A SUMMARY OF PORTIONS OF ACT 48. THIS SUMMARY IS NOT INTENDED TO BE AN EXHAUSTIVE DISCUSSION OF THE PROVISIONS OF ACT 48 NOR 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.

⁽¹⁾Effective June 30, 2011, GASB 54 fund designations renamed.

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Tax Levy Trends

Table 6 shows the recent trend of tax rates levied by the School District. Table 7 shows the comparative trend of real property tax rates for the School District, the County and the municipalities within the School District.

**TABLE 6
LOWER DAUPHIN SCHOOL DISTRICT
TAX RATES**

	Real Estate (mills)	Per Capita⁽¹⁾ (S)	Real Estate Transfer (%)	Wage and Income (%)	Local Services⁽²⁾ (S)	Occupation Tax (S)
2020-21	18.4200	10.00	0.500	0.500	10.00	250.00
2021-22	18.4200	10.00	0.500	0.500	10.00	250.00
2022-23	18.9700	10.00	0.500	0.500	10.00	250.00
2023-24	18.9700	10.00	0.500	0.500	10.00	250.00
2024-25	20.2000	10.00	0.500	0.500	10.00	250.00

⁽¹⁾Includes School Code and Act 511 Taxes.

⁽²⁾Subject to sharing with municipalities at the rate of 50%.

Source: School District officials and PDE-2028 Budgets.

**TABLE 7
LOWER DAUPHIN SCHOOL DISTRICT
COMPARATIVE REAL PROPERTY TAX RATES
(Mills on Assessed Value)**

	2020-21	2021-22	2022-23	2023-24	2024-25
School District	18.4200	18.4200	18.9700	18.9700	20.2000
	2020	2021	2022	2023	2024
Conewago Township	-	-	-	-	-
East Hanover Township	0.3600	0.3600	0.3600	0.3600	0.3600
Hummelstown Borough	2.8500	2.8500	2.8500	2.8500	3.7500
Londonderry Township	5.0000	5.0000	5.0000	5.0000	5.0000
South Hanover Township*	0.4611	0.4611	0.4611	0.4611	1.4911
Dauphin County	6.8760	6.8760	6.8760	6.8760	6.8760

*Includes hydrant and street light tax.

Source: School District Budgets and Pennsylvania Department of Community & Economic Development - Municipal Statistics

Real Property Tax

The real property tax (excluding delinquent collections) produced \$31,894,458 in 2023-24, approximately 43.21 percent of total revenue. The tax is levied on July 1 of each year. Taxpayers who remit within 60 days receive a 2 percent discount and those who remit subsequent to 120 days after July 1 are assessed a 10 percent penalty. Beginning in 2007-08 fiscal year, eligible taxpayers could opt into the installment method of payment for their school taxes. Installment payments are based upon three (3) one-third payments of the base tax amount. The due date for installment payments is August 31, October 31, and November 30.

The following tables summarize recent trends of assessed and market valuations of real property and real property tax collection data. The last county-wide assessment in Dauphin County was conducted in 2001.

**TABLE 8
LOWER DAUPHIN SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA**

Fiscal Year	Market Value	Assessed Value	Ratio
2019-20	\$2,153,647,260	\$1,699,386,800	78.91%
2020-21	2,214,999,059	1,712,948,900	77.33%
2021-22	2,225,016,681	1,715,736,724	77.11%
2022-23	2,478,179,642	1,755,686,024	70.85%
2023-24	2,530,972,491	1,782,653,064	70.43%

Source: State Tax Equalization Board (STEB)/Tax Equalization Division (TED).

**TABLE 9
LOWER DAUPHIN SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA BY MUNICIPALITY**

	2022 Market Value	2022 Assessed Value	2023 Market Value	2023 Assessed Value
<i>School District</i>	\$2,478,179,642	\$1,755,686,024	\$2,530,972,491	\$1,782,653,064
<i>Municipalities within the School District</i>				
Conewago Township	323,431,931	210,383,300	330,076,593	214,077,000
East Hanover Township	710,303,411	548,673,520	706,517,131	542,947,260
Hummelstown Borough	273,536,494	196,620,500	276,421,127	198,326,500
Londonderry Township	401,823,228	278,098,004	449,405,199	301,385,404
South Hanover Township	769,084,578	521,910,700	768,552,442	525,916,900
<i>Dauphin County</i>	22,959,468,329	15,957,437,699	22,959,205,552	15,941,372,103

Source: State Tax Equalization Board (STEB)/Tax Equalization Division (TED).

**TABLE 10
LOWER DAUPHIN SCHOOL DISTRICT
ASSESSMENT BY LAND USE**

	2019-20	2020-21	2021-22	2022-23	2023-24
Residential	\$1,137,695,000	\$1,149,333,400	\$1,156,343,004	\$1,166,301,404	\$1,185,194,604
Lots	20,747,900	19,210,100	16,839,800	17,288,400	17,066,400
Industrial	22,620,600	22,620,600	22,591,560	22,616,660	67,658,400
Commercial	390,682,100	393,703,500	391,618,200	419,928,100	383,859,100
Agriculture	80,960,100	81,175,300	79,762,460	80,648,660	80,785,360
Land	10,830,600	10,862,300	12,208,300	12,246,000	11,341,100
Seasonal	3,564,400	3,645,600	3,645,600	3,520,900	3,520,900
Minerals	1,490,400	1,490,400	1,490,400	1,490,400	1,490,400
Trailers	30,795,700	30,907,700	31,237,400	31,645,500	31,736,800
Total	<u>\$1,699,386,800</u>	<u>\$1,712,948,900</u>	<u>\$1,715,736,724</u>	<u>\$1,755,686,024</u>	<u>\$1,782,653,064</u>

Source: State Tax Equalization Board (STEB)/Tax Equalization Division (TED).

**TABLE 11
LOWER DAUPHIN SCHOOL DISTRICT
REAL PROPERTY TAX COLLECTION DATA**

Fiscal School Year	Tax Levy	Current Collections Amount	Current Year Collections As a Percent	Total Collections Amount⁽¹⁾	Total Collections As a Percent
2019-20	\$30,131,666	\$29,462,437	97.78%	\$30,383,594	100.84%
2020-21	30,277,685	29,374,083	97.02%	30,208,213	99.77%
2021-22	30,781,346	29,910,474	97.17%	31,023,861	100.79%
2022-23	31,362,467	30,811,803	98.24%	32,311,828	103.03%
2023-24	32,584,827	31,894,458	97.88%	33,971,315	104.26%

⁽¹⁾Includes penalties, less discounts and exonerations.

Source: School District officials.

The ten largest real property taxpayers, together with their assessed values, are shown in Table 12. The aggregate assessed value of these ten taxpayers totals approximately 22.97 percent of total assessed value.

**TABLE 12
LOWER DAUPHIN SCHOOL DISTRICT
TEN LARGEST REAL PROPERTY TAXPAYERS**

Owner	2024 Assessed Value
GLP Capital LP	\$159,194,000
FR Park 283 Logistics Center LLC	75,499,700
C5LC at Middletown LLC	67,739,600
Cores at Lytle Farms LLC	36,863,300
Hershey IL AL Investors LLC*	24,818,500
Meadows Terraces	20,123,400
U&ME 3 LLC	7,119,200
Grantville MHC LLC	6,751,300
Grantville Stay LLC	5,971,600
Hershey Trust Co. Milton Hershey Schools	5,346,560
Total	\$409,427,160

Source: School District officials.

*Taxpayer initiated appeal

Other Taxes

Under Act 511, the School District collected \$8,415,051.21 in other taxes in 2023-24. Among the taxes authorized by Act 511, the School District currently levies the Earned Income Tax, Real Estate Transfer Tax, Per Capita Tax, Local Services Tax replaced the Emergency & Municipal Services Tax and Occupation Tax. The Act 511 limit, for 2023-24, equal to 12 mills on the market value of real property, should be \$100,980.61.

Earned Income Tax. The School District levies a tax of 1.00% (subject to sharing 50% with the local municipalities) on the earned income of residents. In 2023-24 the collected portion of this tax yielded \$5,279,286.27 of total revenue.

Real Estate Transfer Tax. A tax of 1.00% (shared with local municipalities) of the value of real estate transfers. In 2023-24 the collected portion of this tax yielded \$667,324.69 of total revenue.

Per Capita Tax. A tax of \$10.00 (\$5.00 under Act 511 and \$5.00 under the School Code) on each resident over 18 years. In 2023-24 the collected portion of this tax yielded \$76,141.10 of total revenue.

Local Services Tax. A tax of \$10.00 (shared with local municipalities) is levied on each resident over 18 years. In 2023-24 the collected portion of this tax yielded \$47,419.15 of total revenue.

Occupation Flat Tax. A tax of \$250.00 is levied on each person with an occupation. In 2023-24 the collected portion of this tax yielded \$2,344,880.00 of total revenue.

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 may also receive state aid for special education, pupil transportation, vocational education, and health services, among other things.

Current Lack of State Appropriations for Debt Service Subsidies

Commonwealth law presently provides that the School District will receive, subject to state legislative appropriation, reimbursement from the Commonwealth for a portion of debt service paid on the Bonds following final approval by PDE. Commonwealth reimbursement is calculated based on the "Reimbursable Percentage" assigned to the Bonds by the PDE and the School District's permanent Capital Account Reimbursement Fraction ("CARF") (55.61%) or the wealth based Market Value Aid Ratio ("MVAR") currently (46.17%), whichever is higher. The Reimbursable Percentage is determined through a process known as the "Planning and Construction Workbook" or "PlanCon".

The School District estimates the Bonds will not be subject to reimbursement by the Commonwealth.

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, including 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 A of 2018 (Federally Taxable) in the total amount of \$412,520,000 issued on January 18, 2018, its Revenues Bonds (Federally Taxable), Series A of 2019 in the total amount of \$388,975,000 issued on May 9, 2019, as well as 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 have been and will continue to be used to provide PlanCon reimbursement that is owed to the School District for past and current 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.

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.

Legislation has been introduced from time to time in the Pennsylvania legislature containing language that would revise or even abolish the debt service reimbursement program for Pennsylvania school districts. As of the date hereof, and except as described above, none of these proposals have been signed into law. To the extent that any future legislation contains material changes to the PlanCon program as it is structured currently, the amount of PlanCon reimbursement to the School District may be positively or negatively affected, which could materially impact the amount of local funds needed to be raised by the School District to pay debt service on its debt obligations.

DEBT AND DEBT LIMITS

Debt Statement

Table 13 which follows shows the debt of the School District as of February 6, 2025, including the issuance of the estimated Bonds.

**TABLE 13
LOWER DAUPHIN SCHOOL DISTRICT
DEBT STATEMENT
(As of February 6, 2025)***

	Gross Outstanding
NONELECTORAL DEBT	
General Obligation Bonds, Series of 2025	\$15,000,000*
TOTAL NONELECTORAL DEBT	\$15,000,000
LEASE RENTAL DEBT	
Guaranteed School Lease Revenue Bonds, Series of 2015.....	\$1,278,719
TOTAL LEASE RENTAL DEBT	\$1,278,719
TOTAL PRINCIPAL OF DIRECT DEBT	\$16,278,719

*Includes the estimated Bonds offered through this Preliminary Official Statement.

Table 14 presents the overlapping indebtedness and debt ratios of the School District. After issuance of the Bonds, the principal of direct debt of the School District will total \$16,332,763. After adjustment for available funds and estimated Commonwealth aid, the local effort of direct debt will total \$15,912,383.

**TABLE 14
LOWER DAUPHIN SCHOOL DISTRICT
BONDED INDEBTEDNESS AND DEBT RATIOS
(As of February 6, 2025)***

	Gross Outstanding	Local Effort or Net of Available Funds and Estimated State Aid⁽¹⁾
DIRECT DEBT		
Nonelectoral Debt	\$15,000,000	\$15,000,000
Lease Rental Debt	1,278,719	875,386
TOTAL DIRECT DEBT	\$16,278,719	\$15,875,386
OVERLAPPING DEBT		
Dauphin County, General Obligation ⁽²⁾	\$36,144,994	\$36,144,994
Municipal Debt.....	16,708,115	16,708,115
TOTAL OVERLAPPING DEBT	\$52,853,109	\$52,853,109
TOTAL DIRECT AND OVERLAPPING DEBT	\$69,131,828	\$68,728,494
DEBT RATIOS		
Per Capita (2020)	\$2,698.04	\$2,682.30
Percent 2023-24 Assessed Value.....	3.88%	3.86%
Percent 2023-24 Market Value.....	2.73%	2.72%

*Includes the estimated Bonds offered through this Preliminary Official Statement.

⁽¹⁾Gives effect to expected future Commonwealth Reimbursement of School District sinking fund payments based on current CARF. See "Commonwealth Aid to School Districts".

⁽²⁾Pro rata 11.02% share of \$327,882,005.62 principal outstanding, including self-supporting debt of the County or local municipalities.

Debt Limit and Remaining Borrowing Capacity

The statutory borrowing limit of the School District under the Act is computed as a percentage of the School District's "Borrowing Base". The "Borrowing Base" is defined as the annual arithmetic average of "Total Revenues" (as defined by the Act), for the three full fiscal years ended next preceding the date of incurring debt. The School District calculates its present borrowing base and borrowing capacity as follows:

Total Revenues for 2021-22	\$63,912,148
Total Revenues for 2022-23	67,840,969
Total Revenues for 2023-24	70,712,889
Total	\$202,466,005
<hr/>	
Annual Arithmetic Average (Borrowing Base)	\$67,488,668

Under the Act as presently in effect, no school district shall incur any nonelectoral debt or lease rental debt, if the aggregate net principal amount of such new debt together with any other net nonelectoral debt and lease rental debt then outstanding, would cause the net nonelectoral debt plus net lease rental debt to exceed 225% of the Borrowing Base. The application of the aforesaid percentage to the School District's Borrowing Base produces the following product:

<u>Net Nonelectoral Debt and Lease Rental Debt Limit:</u>	<u>Legal Limit</u>	<u>Net Debt Outstanding*</u>	<u>Remaining Borrowing Capacity</u>
225% of Borrowing Base	\$151,849,503	\$16,278,719	\$135,570,784

*Includes the estimated Bonds offered through this Preliminary Official Statement.

Debt Service Requirements

Table 15 presents the debt service requirements on the School District's outstanding debt including debt service on the Bonds.

The School District has never defaulted on the payment of debt service.

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**TABLE 15
LOWER DAUPHIN SCHOOL DISTRICT
DEBT SERVICE REQUIREMENTS***

<u>Year</u>	<u>Lease Rental Debt</u>	<u>Other General Obligation Debt</u>	<u>Series of 2025</u>			<u>Total Debt Service Requirements</u>
			<u>Principal</u>	<u>Interest</u>	<u>Subtotal</u>	
2024-25	\$232,140	\$3,506,306				
2025-26	231,741	0				
2026-27	232,194	0				
2027-28	231,485	0				
2028-29	231,721	0				
2029-30	231,599	0				
2030-31	231,744	0				
2031-32	0	0				
2032-33	0	0				
2033-34	0	0				
2034-35	0	0				
2035-36	0	0				
2036-37	0	0				
2037-38	0	0				
2038-39	0	0				
2039-40	0	0				
2040-41	0	0				
2041-42	0	0				
2042-43	0	0				
2043-44	0	0				
2044-45	0	0				
2045-46	0	0				
2047-48	0	0				
2048-49	0	0				
2049-50	0	0				
Total	\$1,622,623	\$3,506,306				

*Totals may not add due to rounding.

Table 16 presents data on the extent to which Commonwealth Aid provides coverage for debt service and lease rental requirements.

**TABLE 16
LOWER DAUPHIN SCHOOL DISTRICT
COVERAGE OF DEBT SERVICE AND LEASE RENTAL
REQUIREMENTS BY COMMONWEALTH AID***

2023-24 State Aid Received.....	\$25,361,147
2023-24 Debt Service Requirements.....	\$3,739,216
Maximum Future Debt Service Requirements after Issuance of Bonds.....	
Coverage of 2023-24 Debt Service Requirements.....	6.78 times
Coverage of Maximum Future Debt Service Requirements after Issuance of Bonds.....	times

*Assumes current State Aid Ratio. See "COMMONWEALTH AID TO SCHOOL DISTRICTS".

Future Financing

The District anticipates issuing approximately \$25 million of long-term additional debt within the next 1-2 years. The District is evaluating a feasibility study but nothing is committed at this time.

LABOR RELATIONS

School District Employees

There are presently 530 employees of the School District; 316 employees are teachers, 24 administrative employees, and 190 are support personnel. The support personnel include secretaries, custodians and teachers' aides.

The School District's teachers are represented by the Educators of Lower Dauphin, an affiliate of the Pennsylvania State Education Association (PSEA), under a contract with the School District, which expires on June 30, 2026. The custodians and crossing guards are represented by the American Federation of State, County and Municipal Employees District Council 90, under a contract which expires on June 30, 2027.

Pension Program

Currently, all Pennsylvania school districts and intermediate units participate in a pension program administered 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. The PSERS Board of Trustees certified an annual employer contribution rate of 34.0% for the fiscal year 2025-26.

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 will transition 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.

Annual School District contributions have been as follows:

2019-20	\$9,287,752
2020-21	\$9,415,964
2021-21	\$9,642,995
2022-23	\$9,988,108
2023-24	\$10,113,240
2024-25 (budgeted)	\$10,802,805

At June 30, 2024, the School District reported a liability of \$82,033,000 for its proportionate share of the 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 the PSERS total pension liability as of June 30, 2022, to June 30, 2023. The School District's

proportion of the net pension liability was calculated utilizing its one-year reported covered payroll as it relates to the total one-year reported covered payroll of all school districts. At June 30, 2023, the School District's proportion was 0.1844% which was an increase of 0.0037% from its proportion measured as of June 30, 2022.

As of June 30, 2024, the PSERS plan was 64.63% funded, with an unfunded actuarial accrued liability of approximately \$42.3 billion. PSERS' rate of return for fiscal year ended June 30, 2024 was 7.05%. The Fund had plan net assets of \$76.5 billion at June 30, 2024. For more information, visit the PSERS website at www.psers.pa.gov, which is not incorporated by specific reference into this Preliminary Official Statement.

Source: School District Administrative Officials and PSERS.

Other Post-Employment Benefits

The School District is obligated under collective bargaining agreements to provide in the future health insurance coverage for current and future retired employees, and to provide retirement severance pay for existing employees. The School District became subject to the requirements of GASB Statements No. 43 and 45 commencing with the School District's annual financial statements for the fiscal year ending June 30, 2009. For a full description of the plan, please refer to Appendix "E" - Audit Report - Fiscal year Ended June 30, 2023.

LITIGATION

There is no litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds or in any way contesting or affecting the validity of the Bonds, or any proceedings of the School District taken in connection with the issuance or sale of the Bonds, the pledge or application of any moneys or security provided for the payment of the Bonds, or the existence or powers of the School District.

DEFAULTS AND REMEDIES

In the event of failure of 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 certain remedies provided by the 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 the Court of Common Pleas. The Act provides that any judgment shall have an appropriate priority upon the funds next coming into the treasury of the School District. The Act also provides that upon a default of at least 30 days, holders of at least 25 percent of the Bonds may appoint a trustee to represent them. The Act provides certain other remedies in the event of default, and further qualifies the remedies hereinbefore described.

TAX MATTERS

Federal

Exclusion of Interest from Gross Income

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Bonds, including interest in the form of original issue discount, will not be includible in gross income of the holders thereof for federal income tax purposes assuming continuing compliance by the School District with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds will not be a specific preference item for purposes of computing the federal alternative minimum tax on individuals.

In rendering its opinion, Bond Counsel has assumed compliance by the School District with its covenants contained in the Resolution and its representations in the Tax Compliance Certificate executed by the School District on the date of issuance of the Bonds relating to actions to be taken by the School District after issuance of the Bonds necessary to effect or maintain the exclusion from gross income of the interest on the Bonds for federal income tax purposes. These covenants and representations relate to, inter alia, the use and investment of proceeds of the Bonds, and the rebate to the United States Department of Treasury of specified arbitrage earnings, if any. Failure to comply with such covenants could result in interest on the Bonds becoming includible in gross income for federal income tax purposes from the date of issuance of the Bonds.

Other Federal Tax Matters

Ownership or disposition of the Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, taxpayers who have an initial basis in the Bonds greater or less than the principal amount thereof, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers, including banks, thrift institutions and other financial institutions subject to Section 265 of the Code, who may be deemed to have incurred or continued indebtedness to purchase or to carry the Bonds. In addition, ownership or disposition of the Bonds may result in other federal tax consequences to "applicable corporations" (within the meaning of Section 59(k) of the Code enacted as part of the Inflation Reduction Act of 2022) for tax years beginning

after December 31, 2022, in that interest on the Bonds may be included in the calculation of the alternative minimum tax imposed on applicable corporations under Section 55(b) of the Code.

Bond Counsel is not rendering any opinion regarding any federal tax matters other than as described under the caption “Exclusion of Interest From Gross Income” above and expressly stated in the form of the opinion of Bond Counsel included as APPENDIX B. Prospective purchasers of the Bonds should consult their independent tax advisors with regard to all federal tax matters.

Pennsylvania

In the opinion of Bond Counsel, under the laws of the Commonwealth as enacted and construed on the date hereof, interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax; however, under the laws of the Commonwealth, as enacted and construed on the date hereof, any profits, gains or income derived from the sale, exchange or other disposition of the Bonds will be subject to Pennsylvania taxes and local taxes within the Commonwealth.

Bond Counsel is not rendering any opinion as to any Commonwealth of Pennsylvania tax matters other than those described under the caption “Pennsylvania” above and expressly stated in the form of the opinion of Bond Counsel included as APPENDIX B hereto.

Prospective purchasers of the Bonds should consult their independent tax advisors with regard to all Commonwealth of Pennsylvania tax matters.

Other

The Bonds and the interest thereon may be subject to state and local taxes in jurisdictions other than the Commonwealth under applicable state or local tax laws.

Purchasers of the Bonds should consult their independent tax advisors with regard to all state and local tax matters that may affect them.

BONDHOLDER CONSIDERATIONS

The Bonds, like all investment securities, carry a risk of loss of the investment, in whole or in part. This Preliminary 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 Preliminary 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 Preliminary 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 owners of the Bonds, including the possibility of impacting the timely payments of debt service on the Bonds or timely filings pursuant to the Continuing Disclosure Certificate (as hereafter defined).

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.

Economic Factors Affecting the Financial Condition of the School District

Changes in current economic conditions, on local, regional and national levels, could adversely affect the School District's operating revenues and expenses and, consequently, the School District's ability to pay debt service on the Bonds. Among the factors that could have such adverse effects are: changes in local demographics; closure or relocation of key industries and employers; increases in local rates of unemployment; decreases in the assessed value of real estate within the School District; decreases in real estate tax collections; future contract negotiations with organized labor and the consequent impact on wage scales and operating costs; increasing costs of supplies and materials necessary to provide public services; loss or reduction of State and federal subsidies and reimbursements for operating and capital costs; and delays in adoption of, failure to budget and appropriate within or other adverse changes to, the Commonwealth's budget, as the same may affect School District revenues or the timely payment thereof.

Uncertainty of Tax Revenues

While present State law authorizes the School District to levy *ad valorem* real estate taxes in order to support the payment of debt service on the Bonds, there can be no firm assurance or guaranty that the School District will realize sufficient revenues through its taxing and other revenue generating powers to make full and timely payment of the debt service on the Bonds. Moreover, the School District's ability to increase certain rates or purposes of taxation is limited by State law. (See "**The Taxpayer Relief Act (Act 1), as Amended**" and "**Status of the Bonds Under Act 1**" herein.

Additionally, the availability of tax and other locally-generated revenue is dependent on the tax base within the School District and the ability of this tax base to support the tax burden imposed in any year not only by the School District, but also by such overlapping taxing authorities as Dauphin County and the component municipalities of the School District.

Charter Schools

In the 2024-25 school year, approximately 176 students are enrolled in charter schools. Year to date, the School District has paid \$1,596,645 for charter school tuition for the 2024-25 school year. The School District paid \$2,573,024 for charter school tuition for the 2023-24 school year.

Actions In the Event of Default

If the School District fails or neglects to budget, appropriate and pay debt service on the Bonds when due, a holder or trustee may petition the Court of Common Pleas of the County of Dauphin, and upon a finding of such failure or neglect, the Court may direct, by order of mandamus, the School District to pay into the sinking fund established for the Bonds the first tax moneys or other available revenues or moneys thereafter received. Such judgment could mandate that the School District pay such debt service prior to all other School District expenses, including School District employee wages and benefits. Notwithstanding such provisions of law, courts generally exercise wide discretion in deciding whether to grant a writ of mandamus, and the judges who enter such orders are usually elected to the bench by local voters. Additionally, municipal officials presented with a writ could resign rather than carry out the mandamus order, in which case it is uncertain the extent to which bond purchasers would be able to cause other School District officials to pay amounts then due and owing.

In the event the School District defaults in the payment of the principal of or the interest on the Bonds after the same shall come due, whether at the stated maturity or upon call for prior redemption, and such default shall continue for thirty days, or if the School District fails to comply with any provision of the Bonds or the Resolution, the Act provides that the holders of 25% in aggregate principal amount of such Bonds then outstanding may, upon appropriate action, appoint a trustee to represent the Bond purchasers. The trustee may, and upon request of the holders of 25% in principal amount of such Bonds then outstanding and upon being provided with indemnity satisfactory to it, shall, take such action on behalf of the Bond purchasers as is more specifically set forth in the Act. Such representation by the trustee shall be exclusive.

Competing Commonwealth Intercept Authorities

Under current Pennsylvania law, Commonwealth subsidies to school districts can be intercepted for purposes other than to pay debt service then due and owing on school district debt. For example, Pennsylvania law authorizes the diversion of Commonwealth Subsidies directly to charter schools if the relevant school district fails to transfer such subsidies to the charter school. Additionally, Pennsylvania law authorizes the diversion of state subsidies to the Pennsylvania Public School Employees' Retirement System ("PSERS") if the school district fails to fully fund its annual contribution to the retirement system.

Pension Plans and Pension Funding Pressure

Future changes in actuarial assumptions, benefit plan modifications or variations in actual experience from actuarial assumptions may result in additional unfunded liability (and amortization payments) or over-funding (and credits), as the case may be, that are not currently reflected in reports prepared by the PSERS actuary.

The School District's annual pension contribution obligation may increase over the next several years. As PSERS' pension obligations rise, it should be expected that the annual amount payable by the School District to PSERS will also rise, potentially absorbing a greater share of available revenues and leaving less funding for student learning and negatively impacting the available sources of funds the School District has to pay debt service on the Bonds and its other indebtedness. See "**Pension Program**" herein.

No Assurance of Secondary Market for the Bonds

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that the Bonds can be sold for any particular price. Accordingly, purchasers of the Bonds should be prepared to have their funds committed until the Bonds mature. Prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different than the original purchase price. Moreover, while the Underwriter expects to reoffer the Bonds in the secondary market, the Underwriter is not specifically required to do so.

Impact of Economic Conditions on Project Costs and Schedule

The estimated costs of, and the projected schedule for, the capital project to be financed with proceeds of the Bonds (please see "**PURPOSE OF THE BOND ISSUE**" herein) are subject to change based on factors related to prevailing economic conditions. Volatility in general economic conditions that could result in impacts may include, but are not limited to, cost increases due to demand for labor and materials, material and/or labor shortages due to demand and supply chain issues, and unforeseen site conditions. The impact of any of or all of these factors may impede the ability of the School District to complete the capital project within the current budget and on the predicted schedule.

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 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 (the "Continuing Disclosure Certificate") substantially in the form attached hereto as Appendix C.

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>.

Pursuant to the Rule, the School District agreed to provide certain financial information and operating data with respect to its previously issued bond issues. The School District’s filing history of its annual financial and operating information during the past five (5) years with respect to the School District’s bond issues is outlined in the following table:

Fiscal Year Ending	Filing Due Date	Operating Data	Filing Date to EMMA	Audit and Budget
6/30/2024	N/A	N/A		12/4/2024 (Voluntary Filing)
6/30/2023	N/A	N/A		12/6/2023 (Voluntary Filing)
6/30/2022	N/A	N/A		12/6/2022 (Voluntary Filing)
6/30/2021	N/A	N/A		12/20/2021 (Voluntary Filing)
6/30/2020	12/27/2020	12/9/2020		12/9/2020

*During the last five (5) years, the School District’s only outstanding bond issue was the School District’s General Obligation Bonds, Series of 2012 (the “2012 Bonds”). On May 10, 2021, the 2012 Bonds were refunded by the School District’s General Obligation Note, Series of 2021 (the “2021 Note”). With the issuance of the 2021 Note, the School District was no longer subject to the Rule with respect to its own bond issues; however, the School District continued to perform voluntary filings of its audits and budgets thereafter to EMMA.

Additionally, the School District entered into a Continuing Disclosure Certificate in connection with the State Public School Building Authority, Commonwealth of Pennsylvania (Dauphin County Technical School Refunding Project) Dauphin County, Pennsylvania, Guaranteed School Lease Revenue Bonds, Series of 2015 (the “Guaranteed School Lease Revenue Bonds”). The School District’s filing history of its annual financial information during the past five (5) years with respect to the Guaranteed School Lease Revenue Bonds is outlined in the following table:

Fiscal Year Ending	Filing Due Date	Filing Date to EMMA	Audit and Budget
6/30/2024	1/26/2025		12/4/2024
6/30/2023	1/26/2024		12/6/2023
6/30/2022	1/26/2023		12/6/2022
6/30/2021	1/26/2022		12/20/2021
6/30/2020	12/27/2020		12/9/2020

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

RATINGS

S&P Global Ratings has assigned its underlying municipal bond rating of “AA-” (Stable Outlook) to this issue of Bonds. Such rating reflects only the view of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following address: 55 Water Street, New York, New York 10041-0003. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

S&P Global Ratings is expected to assign its municipal bond rating of “AA” (Stable Outlook) to the Bonds, with the understanding that upon delivery of the Bonds, a municipal bond insurance policy will be issued by AG. Such rating reflects only the view of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following address: 55 Water Street, 38th Floor, New York, New York 10041.

UNDERWRITING

Raymond James & Associates, Inc. (the “Underwriter”) has agreed, subject to certain conditions, to purchase the Bonds from the School District at an aggregate price of \$ _____, which includes an underwriting discount of \$ _____ and a net original issue discount/premium of \$ _____. The Underwriter's obligations are subject to certain conditions precedent; however, the Underwriter will be obligated to purchase all such Bonds 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.

LEGAL OPINIONS

The Bonds are offered subject to the approving legal opinion of Eckert Seamans Cherin & Mellott, LLC, Harrisburg, Pennsylvania, Bond Counsel to the School District, to be furnished upon delivery of the Bonds. Certain other legal matters will be passed upon for the School District by Stock and Leader, LLP, York, Pennsylvania, School District Solicitor and by McNees Wallace and Nurick, LLC, of Lancaster, Pennsylvania, Limited Scope Underwriter’s Counsel.

FINANCIAL ADVISOR

The School District has retained PFM Financial Advisors LLC, Harrisburg, Pennsylvania, as financial advisor (the “Financial Advisor”) in connection with the preparation, authorization and issuance of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Preliminary Official Statement. The Financial Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

MISCELLANEOUS

This Preliminary Official Statement has been prepared under the direction of the School District by PFM Financial Advisors LLC, Harrisburg, Pennsylvania, in its capacity as Financial Advisor to the School District. The information set forth in this Preliminary Official Statement has been obtained from the School District and from other sources believed to be reliable. Insofar as any statement herein includes matters of opinion or estimates about future conditions, it is not intended as representation of fact, and there is no guarantee that it is, or will be, realized. Summaries or descriptions of provisions of the Bonds, the Resolution, and all references to other materials not purporting to be quoted in full are only brief outlines of some of the provisions thereof. Reference is hereby made to the complete documents, copies of which will be furnished by the School District or the Financial Advisor upon request. The information assembled in this Preliminary Official Statement is not to be construed as a contract with holders of the Bonds.

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

LOWER DAUPHIN SCHOOL DISTRICT
Dauphin County, Pennsylvania

By: _____
President, Board of School Directors

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Appendix A
Demographic and Economic Information
Relating to the Lower Dauphin School District

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Population

Table A-1 shows recent population trends for the School District, Dauphin County and Pennsylvania. Table A-2 shows 2020 age composition by household families for Dauphin County and for the Commonwealth.

**TABLE A-1
RECENT POPULATION TRENDS**

	<u>2010</u>	<u>2020</u>	Compound Average Annual Percentage Change <u>2010-2020</u>
<i>School District</i>	24,736	25,623	0.35%
Dauphin County	268,100	286,401	0.66%
Pennsylvania	12,702,379	13,002,700	0.23%

Source: U.S. Census Bureau, Census 2010-2020.

**TABLE A-2
AGE COMPOSITION BY HOUSEHOLD FAMILIES**

	0-17 <u>Years</u>	18-64 <u>Years</u>	65+ <u>Years</u>
Dauphin County	22.40%	59.80%	17.70%
Pennsylvania	20.60%	60.30%	19.10%

Source: Pennsylvania Department of Labor and Industry – Dauphin County Profile

Employment

Overall employment data is not compiled for the School District or the municipality within it, but such data is compiled for the Harrisburg-Carlisle Metropolitan Statistical Area.

TABLE A-3
DISTRIBUTION OF EMPLOYMENT BY INDUSTRY
HARRISBURG-CARLISLE METROPOLITAN STATISTICAL AREA
(Cumberland, Dauphin, and Perry PA Counties)
November 2024
NONFARM JOBS – NOT SEASONALLY ADJUSTED

<i>ESTABLISHMENT DATA</i>	Industry Employment				Net Change From:	
	Nov 2024	Oct 2024	Sep 2024	Nov 2023	Oct 2024	Nov 2023
Total Nonfarm	372,500	370,100	369,200	365,600	2,400	6,900
Total Private	312,900	310,800	310,000	307,000	2,100	5,900
Goods Producing	35,300	35,500	35,600	34,800	-200	500
Mining, Logging, and Construction	13,200	13,400	13,400	12,600	-200	600
Manufacturing	22,100	22,100	22,200	22,200	0	-100
Durable Goods	10,300	10,300	10,400	10,300	0	0
Non-Durable Goods	11,800	11,800	11,800	11,900	0	-100
Food mfg.	6,600	6,500	6,600	6,600	100	0
Service-Producing	337,200	334,600	333,600	330,800	2,600	6,400
Private Service-Providing	277,600	275,300	274,400	272,200	2,300	5,400
Trade, Transportation, and Utilities	82,600	79,800	78,900	81,300	2,800	1,300
Wholesale Trade	13,000	13,000	12,900	12,900	0	100
Retail Trade	32,000	31,100	30,700	31,900	900	100
General merchandise stores	5,800	5,600	5,400	5,800	200	0
Transportation, Warehousing, and Utilities	37,600	35,700	35,300	36,500	1,900	1,100
Transportation and Warehousing	37,100	35,200	34,900	36,100	1,900	1,000
Truck Transportation	7,800	7,800	7,700	7,800	0	0
Warehousing and Storage	17,500	16,900	16,700	17,300	600	200
Information	3,300	3,300	3,400	3,500	0	-200
Financial Activities	21,100	21,100	21,000	20,700	0	400
Finance and Insurance	17,500	17,400	17,400	17,300	100	200
Professional and Business Services	50,900	51,200	51,100	50,400	-300	500
Professional and Technical Services	21,300	21,400	21,300	20,300	-100	1,000
Management of Companies and Enterprises	10,400	10,400	10,500	10,200	0	200
Administrative and Waste Services	19,200	19,400	19,300	19,900	-200	-700
Education and Health Services	72,800	72,500	72,100	70,100	300	2,700
Educational Services	9,900	10,000	9,700	9,500	-100	400
Health Care and Social Assistance	62,900	62,500	62,400	60,600	400	2,300
Hospitals	20,400	20,300	20,200	19,600	100	800
Leisure and Hospitality	31,400	31,900	32,600	30,500	-500	900
Accommodation and Food Services	24,300	24,500	24,800	23,800	-200	500
Food Services and Drinking Places	20,100	20,300	20,500	19,900	-200	200
Other Services	15,500	15,500	15,300	15,700	0	-200
Government	59,600	59,300	59,200	58,600	300	1,000
Federal Government	7,500	7,600	7,600	7,500	-100	0
State Government	30,700	30,400	30,300	30,300	300	400
Local Government	21,400	21,300	21,300	20,800	100	600
Local Government Educational Services	14,600	14,500	14,400	14,200	100	400
Local Government Excluding Educational Services	6,800	6,800	6,900	6,600	0	200
Data benchmarked to March 2023	***Data changes of 100 may be due to rounding***					

Source: Pennsylvania Department of Labor and Industry – www.paworkstats.state.pa.us

Major employers near the School District for Quarter 4, 2024 include:

Employer
State Government
Milton S Hershey Medical Center
Hershey Entertainment & Resorts Co
The Hershey Company
UPMC Pinnacle Hospitals
United Parcel Service Inc
Federal Government
Pennsylvania State University
Penn State Health
Exel Inc (DHL)

Source: Center for Workforce Information & Analysis Largest Employers for Dauphin County.

Table A-4 shows recent trends in employment and unemployment for Dauphin County and the Commonwealth. The unemployment rate for the County has been lower than that for the Commonwealth during the period shown.

**TABLE A-4
RECENT TRENDS IN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024⁽¹⁾</u>	Compound Average Annual % Rate
Dauphin County						
Civilian Labor Force (000)	146.2	142.7	148	147.7	146.9	0.10%
Employment (000)	133.4	134.1	142.3	143	142.3	1.30%
Unemployment (000)	12.8	8.6	5.7	4.7	4.6	-18.51%
Unemployment Rate	8.70%	6.00%	3.90%	3.20%	3.10%	
Cumberland County						
Civilian Labor Force (000)	131.8	129.9	136.4	136.7	135.6	0.00%
Employment (000)	123.1	124.2	132.3	133	132.1	1.42%
Unemployment (000)	8.8	5.7	4.1	3.7	3.5	-16.84%
Unemployment Rate	6.60%	4.40%	3.00%	2.70%	2.60%	
Perry County						
Civilian Labor Force (000)	24.4	24	24.9	25	24.6	0.16%
Employment (000)	22.8	22.9	24.1	24.3	24	1.03%
Unemployment (000)	1.6	1.1	0.8	0.7	0.6	-17.81%
Unemployment Rate	6.70%	4.50%	3.20%	2.90%	2.6%	
Pennsylvania						
Civilian Labor Force (000)	6,515.00	6,445.00	6,479.00	6,518.00	6426	-0.27%
Employment (000)	5,933.00	6,059.00	6,196.00	6,296.00	6215	0.93%
Unemployment (000)	581	386	283	223	211	-18.34%
Unemployment Rate	8.90%	6.00%	4.40%	3.40%	3.30%	

⁽¹⁾As of November 2024

Source: PA Department of Labor & Industry

Income

Table A-5 shows recent trends in per capita income for the School District, Dauphin County and Pennsylvania over the 2010-2020 period. Per capita income in the School District and in the County is somewhat higher than average per capita income in the Commonwealth.

**TABLE A-5
TRENDS IN PER CAPITA INCOME***

	<u>2010</u>	<u>2020</u>	<u>Compound Average Annual Percentage Change 2010-2020</u>
School District.....	\$30,331	\$41,879	3.28%
Dauphin County.....	27,052	35,061	2.63%
Pennsylvania.....	26,374	35,518	3.02%

*Income is defined by the Bureau of the Census as the sum of wage and salary income, non-farm self-employment income, net self-employment income, Social Security and Railroad retirement income, public assistance income, interest, dividends, pensions, etc. before deductions for personal income taxes, Social Security, etc. School District income is the population-weighted average for political subdivisions.

Source: Census, Pennsylvania State Data Center.

Commercial Activity

Table A-6 presents total retail sales over the past five years for the MSA, County and for Pennsylvania.

**TABLE A-6
TOTAL RETAIL SALES
(\$000)**

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Dauphin County	\$5,378,022	\$5,546,461	\$5,036,045	\$5,362,569	\$5,866,773
Cumberland County	6,834,413	7,706,265	7,430,486	7,847,375	8,512,426
Perry County	429,165	434,446	378,757	418,329	463,323
MSA.....	12,641,560	13,051,533	12,845,289	13,628,273	14,842,523
Pennsylvania	244,709,540	251,185,116	274,685,600	297,770,327	310,912,244

Source: Sales and Marketing Management Magazine.

APPENDIX B
Form of Opinion of Bond Counsel

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FORM OF BOND COUNSEL OPINION

_____, 2025

Re: \$ __, ____,000 Aggregate Principal Amount
Lower Dauphin School District,
Dauphin County, Pennsylvania
General Obligation Bonds, Series of 2025

To The Purchasers of the Within-Described Bonds:

We have served as bond counsel to the Lower Dauphin School District, Dauphin County, Pennsylvania (the “School District”), in connection with the issuance by the School District of its \$ __, ____,000 aggregate principal amount General Obligation Bonds, Series of 2025 (the “Bonds”), under the provisions of the Pennsylvania Local Government Unit Debt Act, 53 Pa. C.S. Chs. 80-82 (the “Act”), and a Resolution (the “Resolution”) adopted on February 10, 2025, by the Board of School Directors of the School District (the “Board”). The Bonds are being issued to (1) plan, design, acquire, construct, install, furnish and equip renovations to the School District’s elementary schools and middle school, including HVAC upgrades; (2) plan, design, acquire, construct, install, furnish and equip renovations to the School District’s athletic facilities and related appurtenances; and (3) undertake additional capital projects of the School District to the extent approved by the School Board, and (4) pay related costs and expenses.

As Bond Counsel for the School District, we have examined: (a) the relevant provisions of the Constitution of the Commonwealth of Pennsylvania (the “Commonwealth”); (b) the Act; (c) the relevant provisions of the Public School Code of 1949, as amended; (d) the Resolution and the Debt Statement of the School District filed with the Pennsylvania Department of Community and Economic Development (the “Department”); (e) the proceedings of the Board with respect to the authorization, issuance and sale of the Bonds; (f) a Certificate of Approval issued by the Department in respect of the proceedings authorizing the issuance of the Bonds; and (g) certain statements, certifications, affidavits and other documents and matters of law which we have considered relevant, including, without limitation, a certificate dated the date hereof (the “Tax Compliance Certificate”) of officials of the School District having responsibility for issuing the Bonds, given pursuant to the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder (the “Code”), an opinion of the Solicitor to the School District as to various matters, and the other documents, certifications and instruments listed in a closing index filed with the Paying Agent (hereinafter defined) on the date of original delivery of the Bonds. We also have examined a fully executed and authenticated Bond, or a true copy thereof, and assume all other Bonds are in such form and are similarly executed and authenticated.

In rendering the opinion set forth below, we have relied upon the genuineness, accuracy and completeness of all documents, records, certifications and other instruments we have examined, including, without limitation, the authenticity of all signatures appearing thereon. We also have

relied, in the opinion set forth below, upon the opinion of the Solicitor of the School District as to all matters of fact and law set forth therein.

Except with respect to paragraph 6 below, our opinion is given only with respect to the internal laws of the Commonwealth as enacted and construed on the date hereof.

Based on the foregoing, we are of the opinion that:

1. The School District is authorized under the provisions of the Constitution and the laws of the Commonwealth to issue the Bonds for the purposes therein set forth; the School District has properly authorized the issuance thereof; and the Department has duly approved such issuance.
2. The School District has established one or more sinking funds for the Bonds (collectively, the “Sinking Fund”) with the financial institution named in the Resolution, as paying agent, registrar and sinking fund depository (the “Paying Agent”), and has covenanted in the Resolution to deposit in the Sinking Fund amounts sufficient to pay the principal of and interest on the Bonds as the same becomes due and payable and to apply the amounts so deposited to the payment of such principal and interest.
3. The School District has effectively covenanted: (i) to include the amount of debt service on the Bonds in each fiscal year of the School District in which such sums are due and payable in its budget for that fiscal year; (ii) to appropriate such amounts from its general revenues for the payment of such debt service; and (iii) to duly and punctually pay, or cause to be paid, from the Sinking Fund or any other of its general revenues or funds, the principal or redemption price of and interest on the Bonds on the dates and in the places and in the manner stated in the Bonds according to the true intent and meaning thereof. For such budgeting, appropriation and payment the School District has pledged, with respect to the Bonds, its full faith, credit and taxing power, within the limits established by law.
4. The Bonds have been duly authorized, executed, authenticated, issued and delivered, and are the legal, valid and binding general obligations of the School District, payable from the general revenues of the School District from whatever source derived, within the limits established by law, and are enforceable in accordance with the terms thereof, except to the extent that enforcement thereof may be affected by bankruptcy, insolvency, reorganization, moratorium or other similar laws or legal or equitable principles affecting the enforcement of creditors’ rights.
5. Under the laws of the Commonwealth as enacted and construed on the date hereof, interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax; however, under the laws of the Commonwealth as enacted and construed on the date hereof, any profits, gains or income derived from the sale, exchange or other disposition of the Bonds will be subject to Commonwealth taxes and local taxes within the Commonwealth.

6. Under existing statutes, regulations, rulings and court decisions, interest on the Bonds, including interest in the form of original issue discount, will not be includible in gross income of the holders thereof for federal income tax purposes, assuming continuing compliance by the School District with the requirements of the Code. Interest on the Bonds will not be a specific preference item for purposes of computing the federal alternative minimum tax on individuals.

In rendering this opinion, we have assumed compliance by the School District with the covenants contained in the Resolution and the representations in the Tax Compliance Certificate relating to actions to be taken by the School District after the issuance of the Bonds necessary to effect or maintain the exclusion from gross income of the interest on the Bonds for federal income tax purposes. These covenants and representations relate to, among other things, the use and investment of proceeds of the Bonds, and the rebate to the United States Department of Treasury of specified arbitrage earnings, if any. Failure to comply with such covenants could result in the interest on the Bonds becoming includible in gross income for federal income tax purposes from the date of issuance of the Bonds.

We express no opinion as to any matter not set forth in the numbered paragraphs herein. This opinion is given as of the date hereof and we assume no obligation to supplement this opinion to reflect changes in law that may hereafter occur or changes in facts or circumstances that may hereafter come to our attention. Without limiting the generality of the foregoing, we express no opinion with respect to and assume no responsibility for, the accuracy, adequacy or completeness of the preliminary official statement or the official statement prepared in respect of the Bonds, and make no representation that we have independently verified the contents thereof.

Very truly yours,

ECKERT SEAMANS CHERIN & MELLOTT, LLC

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APPENDIX C
Form of Continuing Disclosure Agreement

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CONTINUING DISCLOSURE CERTIFICATE

Re: LOWER DAUPHIN SCHOOL DISTRICT,
Dauphin County, Pennsylvania
\$ __, __, 000 Aggregate Principal Amount
General Obligation Bonds, Series of 2025
Dated _____, 2025

_____, 2025

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by LOWER DAUPHIN SCHOOL DISTRICT, in Dauphin County, Pennsylvania (the “School District”), in connection with the issuance of its General Obligation Bonds, Series of 2025, dated _____, 2025 (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, Section 3 of this Disclosure Certificate.

“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.

“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 (i) a debt obligation; (ii) a 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) a guarantee of either (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 5 of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“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 Underwriters” 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 will file with the MSRB:

(a) Financial Information. Annually, within 270 days following the close of each of the School District’s fiscal years, beginning with its fiscal year ending June 30, 2025, the following financial information and operating information for the School District:

- financial statements for the most recent fiscal year, prepared in accordance with generally accepted accounting principles for local government units;
- a summary of the budget for the current fiscal year (i.e. the fiscal year following the fiscal year of the financial statements being provided);
- the total assessed value and market value of all taxable real estate for the current fiscal year;
- the taxes and millage rates imposed for the current fiscal year;
- the real property tax collection results for the most recent fiscal year, including (1) the real estate levy imposed (expressed both as a millage rate and an aggregate dollar amount), (2) the dollar amount of real estate taxes collected that represented current collections (expressed both as a percentage of fiscal year’s levy and as an aggregate dollar amount), (3) the amount of real estate taxes collected that represented taxes levied in previous years (expressed as an aggregate dollar amount), and (4) the total amount of real estate taxes collected (expressed both as a percentage of the current year’s levy and as an aggregate dollar amount; and
- 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.

(b) Audited Financial Statements. If not submitted as part of the annual financial information of the School District in accordance with subparagraph (a) above, then when and if available, financial statements of the School District for the most recent fiscal year audited in accordance with generally accepted auditing standards.

Each Annual Report may be submitted as a single document or as separate documents comprising a package. 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 filed with MSRB or with the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The School District shall clearly identify each other document so incorporated by reference.

SECTION 4. 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 5. 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:

- principal and interest payment delinquencies;
- non-payment related defaults, if material;
- unscheduled draws on debt service reserves reflecting financial difficulties;
- unscheduled draws on credit enhancements reflecting financial difficulties;
- substitution of credit or liquidity providers, or their failure to perform;
- 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;
- modifications to rights of holders of the Bonds, if material;
- bond calls, if material, and tender offers;
- defeasances;
- release, substitution, or sale of property securing repayment of the Bonds, if material;
- rating changes;
- bankruptcy, insolvency, receivership or similar event of the School District;
- 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;
- appointment of a successor or additional trustee, or the change of name of a trustee, if material;
- 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

- default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a 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 6. 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 MSRB.

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 7. 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 8. 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 9. Certain Rights Reserved. The School District reserves the right to modify from time to time the specific types of information provided in accordance with Section 3(a) above 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 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.

[SIGNATURE PAGE FOLLOWS]

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.

LOWER DAUPHIN SCHOOL DISTRICT,
Dauphin County, Pennsylvania

By: _____
President of the Board of
School Directors

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APPENDIX D
Audited Financial Report
For FYE June 30, 2024

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LOWER DAUPHIN SCHOOL DISTRICT

YEAR ENDED JUNE 30, 2024



Brown Plus

ACCOUNTANTS + ADVISORS

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LOWER DAUPHIN SCHOOL DISTRICT

YEAR ENDED JUNE 30, 2024

TABLE OF CONTENTS

	Page
Independent auditor's report	1-3
Management's discussion and analysis	4-16
Financial statements:	
Government-wide financial statements:	
Statement of net position (deficit)	17-18
Statement of activities	19-20
Fund financial statements and reconciliations:	
Balance sheet – governmental funds	21
Reconciliation of the governmental funds balance sheet to the statement of net position (deficit)	22
Statement of revenues, expenditures and changes in fund balances – governmental funds	23-24
Reconciliation of the governmental funds statement of revenues, expenditures and changes in fund balance to the statement of activities	25-26
Statement of net position – proprietary fund	27
Statement of revenues, expenses and changes in fund net position – proprietary fund	28
Statement of cash flows – proprietary fund	29
Statement of net position – fiduciary funds	30
Statement of changes in fiduciary net position – fiduciary funds	31
Notes to financial statements	32-68

LOWER DAUPHIN SCHOOL DISTRICT

YEAR ENDED JUNE 30, 2024

TABLE OF CONTENTS (CONTINUED)

	Page
Required supplementary information:	
Schedule of the District's proportionate share of the net pension liability	69
Schedule of District's pension contributions	70
Schedule of changes in the District's total OPEB liability and related ratios	71
Schedule of the District's proportionate share of the net OPEB (HIPAP) liability	72
Schedule of District's OPEB (HIPAP) contributions	73
Statement of revenues, expenditures and changes in fund balances – budget and actual – general fund	74-76
Notes to the statement of revenues, expenditures and changes in fund balances – budget and actual – general fund	77
Other supplementary information:	
Combining balance sheet – all nonmajor governmental funds	78
Combining statement of revenues, expenditures and changes in fund balances – all nonmajor governmental funds	79
Schedule of expenditures of federal awards	80-82
Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	83-84
Report on compliance for each of the major federal programs and report on internal control over compliance in accordance with the Uniform Guidance	85-87
Schedule of findings and questioned costs	88-89
Summary schedule of prior audit findings	90

Independent Auditor's Report

Board of School Directors
Lower Dauphin School District
Hummelstown, Pennsylvania

Report on the 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 Lower Dauphin School District (the 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 Lower Dauphin School District as of June 30, 2024 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

The District's 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 substantive doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of pension information, schedules of other postemployment benefits information and budgetary comparison information be presented to supplement the basic financial statements. Such information, 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 basic financial statements that collectively comprise Lower Dauphin School District's basic financial statements. The combining supplementary information on nonmajor funds is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis 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*, and is also not a required part of the basic financial statements.

The combining fund schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 combining nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2024 on our consideration of Lower Dauphin School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Lower Dauphin School District's internal control over financial reporting and compliance.



Camp Hill, Pennsylvania
November 26, 2024

LOWER DAUPHIN SCHOOL DISTRICT
HUMMELSTOWN, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
(Required Supplementary Information)
(unaudited)
YEAR ENDED JUNE 30, 2024

The discussion and analysis of Lower Dauphin School District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

The District adopted new standards for recognizing pension expense during the 2014-2015 fiscal year. As a result, the District is required to record its share of the Pennsylvania Public School Employees' Retirement System (PSERS) unfunded net pension liability. The District's portion of this liability decreased \$1,594,000 from the prior year to \$82,033,000 and has been reported on its government-wide financial statements. New reporting for other postemployment benefits (OPEB) was implemented in the 2017-2018 fiscal year, which requires recording liabilities as required by Governmental Accounting Standards Board (GASB) Statement No. 75. For 2023-2024, these liabilities increased \$389,368 from the prior year to \$14,021,747. The recognition of these pension and OPEB liabilities causes the District's total liabilities and deferred inflows to exceed its total assets and deferred outflows as of June 30, 2024, generating a net deficit for the governmental activities of \$(23,180,132).

As of June 30, 2024, the District's unassigned fund balance was \$412,670, which represents 0.51% of the budgeted expenditures and other financing uses for the 2024-2025 fiscal year.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The statement of net position (deficit) and the statement of activities provide both long-term and short-term information about the District's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail than the government-wide statements. The governmental funds' statements indicate how general 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 District operates like a business. For this District, this is our Food Service Fund. Fiduciary fund statements provide information about financial relationships where the District acts solely as a trustee or custodian for the benefit of others, to whom the resources in question belong.

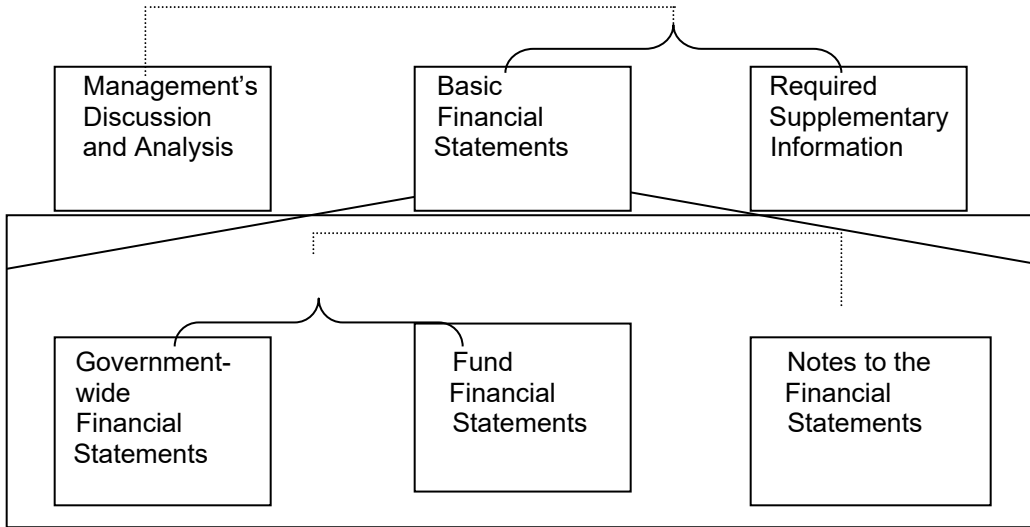
The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

LOWER DAUPHIN SCHOOL DISTRICT
HUMMELSTOWN, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)
(Required Supplementary Information)
(unaudited)
YEAR ENDED JUNE 30, 2024

The following diagram shows how the required parts of the financial report are arranged and relate to one another:

Required Components of
Lower Dauphin School District's
Financial Report



LOWER DAUPHIN SCHOOL DISTRICT
HUMMELSTOWN, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)
(Required Supplementary Information)
(unaudited)
YEAR ENDED JUNE 30, 2024

The following summarizes the major features of the District's financial statements, including the portion of the District they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Major features of Lower Dauphin School District's
Government-wide and fund financial statements

	Government-wide statements	Fund statements		
		Governmental funds	Proprietary funds	Fiduciary funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as education, administration and community services	Activities the District operates similar to private business - Food Service Fund	Instances in which the District is the trustee or custodian to someone else's resources - Scholarship Funds and Student Activity Funds
Required financial statements	Statement of net position (deficit) Statement of activities	Balance sheet Statement of revenues, expenditures and changes in fund balance	Statement of net position Statement of revenues, expenses and changes in net position Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets 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
Type 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

LOWER DAUPHIN SCHOOL DISTRICT
HUMMELSTOWN, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)
(Required Supplementary Information)
(unaudited)
YEAR ENDED JUNE 30, 2024

OVERVIEW OF FINANCIAL STATEMENTS

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position (deficit) includes all of the government's assets, deferred outflows, liabilities and deferred inflows. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position (deficit) and how they have changed. Net position (deficit), the difference between the District's assets and deferred outflows minus liabilities and deferred inflows, is one way to measure the District's financial health or net position (deficit).

Over time, increases or decreases in the District's net position (deficit) are an indication of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the District, you need to consider additional nonfinancial factors, such as changes in the District's property tax base and the performance of the students.

The government-wide financial statements of the District are divided into two categories:

- **Governmental activities** – All of the District's basic services are included here, such as instruction, administration and community services. Property taxes and state and federal subsidies and grants finance most of these activities.
- **Business-type activities** – The District operates a food service operation and charges fees to staff, students and visitors to help it cover the costs of the food service operation.

Fund Financial Statements

The District's fund financial statements, which are included with the basic financial statements, provide detailed information about the most significant funds – not the District as a whole. Some funds are required by state law.

Governmental funds – Most of the District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information 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. The relationship (or differences) between governmental activities (reported in the statement of net position (deficit) and the statement of activities) and governmental funds is reconciled in the financial statements.

Proprietary funds – These funds are used to account for District activities that are similar to business operations in the private sector; or where the reporting is on determining net income, financial position and changes in financial position and a significant portion of funding is through user charges. When the District charges customers for services it provides, these services are generally reported in proprietary funds. The Food Service Fund is the District's only proprietary fund.

LOWER DAUPHIN SCHOOL DISTRICT
HUMMELSTOWN, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)
(Required Supplementary Information)
(unaudited)
YEAR ENDED JUNE 30, 2024

Fund Financial Statements (continued)

Fiduciary funds – The District is the trustee, or fiduciary, for scholarship funds and student activity funds. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's total net position (deficit) was \$(22,303,487) and \$(26,905,923) at June 30, 2024 and 2023, respectively, per the following schedule.

	June 30					
	Net position (deficit)					
	Governmental activities		Business-type activities		Total	
	2024	2023	2024	2023	2024	2023
Assets and deferred outflows:						
Current and other assets	\$ 24,470,322	\$ 27,039,301	\$ 1,008,444	\$ 888,945	\$ 25,478,766	\$ 27,928,246
Capital assets	55,514,747	54,982,977			55,514,747	54,982,977
Deferred outflows of resources	14,219,564	12,500,687			14,219,564	12,500,687
Total assets and deferred outflows of resources	\$ 94,204,633	\$ 94,522,965	\$ 1,008,444	\$ 888,945	\$ 95,213,077	\$ 95,411,910
Liabilities and deferred inflows:						
Current liabilities	\$ 12,126,248	\$ 11,906,026	\$ 131,799	\$ 121,326	\$ 12,258,047	\$ 12,027,352
Long-term liabilities	97,549,532	102,442,862			97,549,532	102,442,862
Deferred inflows of resources	7,708,985	7,847,619			7,708,985	7,847,619
Total liabilities and deferred inflows of resources	117,384,765	122,196,507	131,799	121,326	117,516,564	122,317,833
Net position (deficit):						
Net investment in capital assets	52,371,985	48,337,455			52,371,985	48,337,455
Restricted	2,144,959	2,093,007			2,144,959	2,093,007
Unrestricted	(77,697,076)	(78,104,004)	876,645	767,619	(76,820,431)	(77,336,385)
Total net position (deficit)	(23,180,132)	(27,673,542)	876,645	767,619	(22,303,487)	(26,905,923)
Total liabilities, deferred inflows and net position (deficit)	\$ 94,204,633	\$ 94,522,965	\$ 1,008,444	\$ 888,945	\$ 95,213,077	\$ 95,411,910

LOWER DAUPHIN SCHOOL DISTRICT
HUMMELSTOWN, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)
(Required Supplementary Information)
(unaudited)
YEAR ENDED JUNE 30, 2024

The results of this year's operations as a whole are reported in the statement of activities. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are deducted to determine the final amount of the District's activities that are supported by other general revenues. The two largest general revenues are the Basic Education Subsidy provided by the Commonwealth of Pennsylvania and the local taxes assessed to community taxpayers.

The following takes the information from that statement and rearranges it slightly, so you can see total revenues for the year.

	Fiscal year ended June 30					
	Changes in net position (deficit)					
	Governmental activities		Business-type activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 75,699	\$ 77,359	\$ 976,416	\$ 992,051	\$ 1,052,115	\$ 1,069,410
Operating grants and contributions	15,719,301	14,729,429	1,223,928	1,286,820	16,943,229	16,016,249
General revenues:						
Property taxes	33,747,639	32,000,994			33,747,639	32,000,994
Other taxes	9,107,126	9,420,168			9,107,126	9,420,168
Grants subsidies, unrestricted	13,567,776	12,642,054			13,567,776	12,642,054
Other	1,376,252	1,014,980	47,597	27,264	1,423,849	1,042,244
Total revenues	73,593,793	69,884,984	2,247,941	2,306,135	75,841,734	72,191,119
Expenses:						
Instructional services	46,227,262	42,728,765			46,227,262	42,728,765
Support services	21,664,851	21,184,297			21,664,851	21,184,297
Noninstructional services	1,208,270	1,148,999			1,208,270	1,148,999
Food service			2,138,915	2,017,252	2,138,915	2,017,252
Total expenses	69,100,383	65,062,061	2,138,915	2,017,252	71,239,298	67,079,313
Changes in net position	\$ 4,493,410	\$ 4,822,923	\$ 109,026	\$ 288,883	\$ 4,602,436	\$ 5,111,806

LOWER DAUPHIN SCHOOL DISTRICT
HUMMELSTOWN, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)
(Required Supplementary Information)
(unaudited)
YEAR ENDED JUNE 30, 2024

The following presents the expenses of both the governmental activities and the business-type activities of the District, as well as each program's net cost (total cost less revenues generated by the activities). The net costs are offset by the other unrestricted grants, subsidies and contributions to show the remaining financial needs supported by local taxes and other miscellaneous revenues.

Fiscal year ended June 30				
Governmental activities				
Function/programs	Total cost of services		Net cost of services	
	2024	2023	2024	2023
Regular instruction	\$ 28,642,371	\$ 27,272,581	\$ 24,571,316	\$ 22,846,580
Special instruction	13,185,937	11,375,588	8,188,347	6,559,969
Vocational instruction	3,007,018	2,788,648	2,813,288	2,591,239
Other instructional programs	1,183,994	1,094,472	323,805	337,481
Community college	191,539	186,867	191,539	186,867
Pre-kindergarten	16,403	10,609	2,434	(368)
Pupil personnel	2,775,517	2,846,124	2,330,536	2,360,386
Instructional staff	2,795,625	2,977,604	2,529,637	2,633,012
Administration	4,382,356	4,294,843	3,898,307	3,810,001
Pupil health	853,469	794,050	685,984	629,749
Business services	678,396	617,845	605,587	552,262
Operation of plant and maintenance	6,219,566	6,166,208	4,525,126	5,616,164
Student transportation services	3,400,103	2,955,662	1,834,994	1,423,926
Central	520,931	480,311	462,075	424,807
Other support services	38,888	39,190	38,888	39,190
Student activities	1,151,741	1,092,316	1,020,371	958,393
Community services	9,730	9,645	5,495	5,329
Debt service, interest	46,799	59,498	(722,346)	(719,714)
Total governmental activities	<u>\$ 69,100,383</u>	<u>\$ 65,062,061</u>	53,305,383	50,255,273
Unrestricted grants, subsidies			<u>(13,567,776)</u>	<u>(12,642,054)</u>
Total needs from local taxes and other revenues			<u>\$ 39,737,607</u>	<u>\$ 37,613,219</u>

LOWER DAUPHIN SCHOOL DISTRICT
HUMMELSTOWN, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)
 (Required Supplementary Information)
 (unaudited)
 YEAR ENDED JUNE 30, 2024

Fiscal year ended June 30
 Business-type activities

<u>Function/programs</u>	<u>Total cost of services</u>		<u>Net cost of services</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Food services	\$ 2,138,915	\$ 2,017,252	\$ (61,429)	\$ (261,619)
Other			<u>(47,597)</u>	<u>(27,264)</u>
Total business-type activities			<u>\$ (109,026)</u>	<u>\$ (288,883)</u>

The statement of revenues, expenses and changes in fund net position (deficit) for the proprietary fund will further detail the results of operations.

THE DISTRICT'S FUNDS

The 2023-24 General Fund budget includes athletic activities and projected an excess of expenditures and other financing uses over revenues by \$5,425,000. The final results of operations resulted in an excess of expenditures and other financing uses over revenues by \$2,551,672, with an ending fund balance of \$12,763,153. The Board of School Directors (the Board) has committed \$7,600,000 of fund balance, of which \$2,000,000 is for future building and grounds needs, and \$5,600,000 is for future fuel, electricity and employee benefit increases. The assigned fund balance of \$4,720,483 includes \$4,677,583 used to balance the 2024-25 budget and \$42,900 assigned for future turf field use. The nonspendable fund balance of \$30,000 represents inventories. The remaining unassigned fund balance is \$412,670, which is 0.51% of the 2024-25 budgeted expenditures and other financing uses.

Budget-to-Actual Comparison

Revenues

For the year ended June 30, 2024, the revenues are over budget by \$2,023,406. Local revenues are over budget by \$1,856,132. Current real estate tax collections exceeded budget by \$363,508, and interim real estate taxes exceeded budget by \$1,099,752. Act 511 earned income taxes exceeded budget by \$379,286, and real estate transfer taxes were under budget by \$132,675. Interest on investments grew significantly due to high interest rates and exceeded budget by \$338,730. Delinquent taxes in total were under budget by \$195,886. In state funding, the revenue is over budget by \$400,135. Basic education funding exceeded budget by \$383,398. Social Security and retirement combined are under budget by \$140,594. The District received a grant for school safety and security which generated \$186,520 in state revenue. Federal revenues are under budget by \$232,861 primarily due to the closing out of grant funds.

LOWER DAUPHIN SCHOOL DISTRICT
HUMMELSTOWN, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)
(Required Supplementary Information)
(unaudited)
YEAR ENDED JUNE 30, 2024

Budget-to-Actual Comparison (continued)

Expenditures and other financing uses

For the year ended June 30, 2024, the expenditures and other financing uses are \$76,360,078 and under budget by \$849,922. Salaries are \$6,182 over budget largely due to positions that were added and additional salary increases for classified staff. Social Security and retirement payments are under budget in total by \$221,447 due to pretax deductions and some wage payments not being eligible for retirement. Medical insurance totaled \$7,889,043 and is over budget by \$46,453. The District is self-funded for medical insurance. Purchased Intermediate Unit services are over budget by \$165,909, and professional services for substitute payments are over budget by \$300,491. Tuitions paid to charter schools totaled \$2,573,024 and is over budget by \$273,024, and tuitions for other out of district placements are under budget by \$256,807. Repairs and maintenance are under budget \$146,838, and utilities are over budget by \$143,078. Supplies are under budget by \$75,634, and equipment is under budget \$308,058 primarily due to planned expenditures for federal grants.

Current Year – Prior Year Comparison

Expenditures and other financing uses

Salaries increased in 2023-24 over the prior year by \$1,504,026 due to scheduled increases for all staff, along with positions that were added, and additional increases for classified positions.

Medical insurance benefit costs increased by \$635,800. The District has sufficient funds in its self-insurance account to cover 45 days of claims, which at June 30, 2024 is \$1,116,633. Contributions to the Pennsylvania Public School Employees' Retirement System (PSERS) increased by \$125,132, or 1.2%, over the prior year. The PSERS established contribution rate changed from 35.26% to 34.00% for the District and is mandatory. Other professional services increased \$329,774 due to substitute rate increases and coverage; repairs and maintenance decreased \$115,048 and transportation contracted carriers increased \$438,959. Tuitions paid to charter schools increased \$667,455. In total, expenditures increased over the prior year by \$5,756,285.

In total, actual budgetary activities for special education services in 2023-24 were \$13,251,705, an increase over the prior year of \$411,454. Salaries increased \$573,846, and benefits increased \$393,928. Other purchased services which includes tuition paid for services outside the District increased by \$618,797. The District's special education population has increased from 10.28% of the total population in 1996-97 to 19.5% of the total population in 2023-24.

The operation and maintenance of plant for 2023-24 totaled \$9,187,385 for actual budgetary activities. This is an increase of \$1,457,294 compared to the prior year, primarily from the equipment increase of \$1,587,950 which includes boiler replacements at the Middle School and Nye Elementary School, and roof replacement at Londonderry Elementary School.

Debt service costs increased \$7,867 in 2023-24 based on scheduled payments of principal and interest for the General Obligation Note for the Series of 2021.

LOWER DAUPHIN SCHOOL DISTRICT
HUMMELSTOWN, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)
(Required Supplementary Information)
(unaudited)
YEAR ENDED JUNE 30, 2024

Current Year – Prior Year Comparison (continued)

Revenues

The District's actual budgetary activities for revenue for the fiscal year totaled \$73,808,406, an increase of \$3,574,200 from the previous year. Local sources increased \$1,590,971 over the previous year. Current real estate taxes increased \$1,082,655 due to increases in assessed values and no tax increase. Interim real estate taxes increased \$611,034. Collections for current Act 511 real estate transfer taxes decreased \$213,596, and delinquent tax collections decreased in total by \$171,725. Interest on investments increased \$332,110 due to high interest rates over the past year. State sources increased by \$1,250,337, which reflects an increase in the basic education funding of \$805,184, and special education funding increase of \$93,471. The school safety and security grant revenue also increased \$117,514. Federal revenue increased by \$732,892, primarily from the net change in ESSER funds of \$746,956. The District received grants from ESSER - Elementary and Secondary School Emergency Relief Fund under ESSER II, ESSER III and ARP ESSER. Each grant has specific effective dates. Revenue is recorded to equal expenditures in each fiscal year.

General Fund Budget

During the fiscal year, the Board authorized revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District.

All adjustments are again confirmed at the time the annual audit is accepted, which falls after the end of the fiscal year and is not prohibited by state law.

LOWER DAUPHIN SCHOOL DISTRICT
HUMMELSTOWN, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)
(Required Supplementary Information)
(unaudited)
YEAR ENDED JUNE 30, 2024

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2024, the District's governmental activities' capital assets showed an increase of \$3,414,743 to \$135,674,654. Capital assets include land, buildings, construction in progress and furniture and equipment.

The following provides a breakdown of the capital assets and the accumulated depreciation as of June 30, 2024 and 2023.

	June 30, 2024 and 2023	
	Governmental activities	
	Capital assets	
	2024	2023
Land	\$ 530,467	\$ 530,467
Construction in progress		155,517
Site improvements	10,275,201	9,812,742
Building and improvements	103,142,586	100,756,793
Machinery and equipment	21,726,400	21,004,392
	135,674,654	132,259,911
Accumulated depreciation	(80,159,907)	(77,276,934)
	\$ 55,514,747	\$ 54,982,977

Debt Administration

On May 10, 2021, the District issued a General Obligation Note, Series of 2021 for \$13,495,000 to refund the General Obligation Bonds, Series of 2012 for \$2,400,000; General Obligation Note, Series of 2015 for \$4,158,000; General Obligation Note, Series A of 2015 for \$4,169,000 and General Obligation Note, Series of 2019 for \$2,665,000. The District made principal payments of \$3,471,000 on the Series of 2021 note during 2023-24, resulting in debt outstanding of \$3,494,000 at June 30, 2024.

LOWER DAUPHIN SCHOOL DISTRICT
HUMMELSTOWN, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)
 (Required Supplementary Information)
 (unaudited)
 YEAR ENDED JUNE 30, 2024

Debt Administration (continued)

The following schedule provides the outstanding balances of the District's note issue as of June 30, 2024 and 2023.

Outstanding debt

	2024	2023
Note, Series of 2021	\$ 3,494,000	\$ 6,965,000

Other obligations include accrued compensated absences (vacation pay, sick leave and personal days) for specific employees of the District. More detailed information about our long-term liabilities is included in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District adopted a \$80,280,000 budget for 2024-25, which is a 3.98% increase compared to the 2023-24 budget with a 6.5% tax increase.

The District's student population is projected to remain consistent. Housing developments and apartment complexes along with commercial properties are adding to the assessed real estate tax base. Enrollment projections indicate that student enrollment could remain steady or decrease slightly. The residential construction is designed for families with children. These enrollment projections are a key factor in the past renovations and additions to the District's facilities. A facility study is taking place during the 2024-25 school year for potential facility improvements.

The revenue budget for the 2024-25 year is \$3,817,417 higher than the revenue budget for 2023-24. This represents a 5.32% increase in budgeted revenues. Local revenues increased \$4,271,661. Current real estate taxes increased \$3,803,726 due to growth in assessed value largely due to new construction of warehouses within the District and the 6.5% tax increase. Current Act 511 earned income taxes increased \$300,000. State revenue increased by \$1,881,155. Basic education funding increased \$1,178,935 and the special education funding decreased \$12,666. As a requirement of the Taxpayer Relief Act, Special Session Act 1 of 2006, the District decreased the local real estate tax revenue and included the state revenue function for the state property tax reduction allocation of \$2,044,850, which is \$342,926 higher than 2023-24. The PSERS rate applied to salary increases is generating \$264,148 more revenue. Federal/other revenue decreased by \$2,335,399 primarily due to projects being completed that were included in Elementary and Secondary School Emergency Relief (ESSER) grants.

The expenditures and other financing uses budget for the 2024-25 year is \$3,070,000 higher than the expenditures and other financing uses budget for 2023-24. Factors for this include increases in salaries of \$1,647,535 and benefit increases of \$1,757,809. Medical insurance increased \$1,099,498 and PSERS increased \$528,296. Professional services for substitutes increased \$223,300, and contracted transportation increased \$292,798. Supplies increased \$702,918, and books increased \$312,340. Equipment decreased \$1,703,789 primarily for boiler replacements that were purchased with federal funds in 2023-24. Debt service transfers decreased \$1,531 due to scheduled payments for principal and interest.

LOWER DAUPHIN SCHOOL DISTRICT
HUMMELSTOWN, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)
(Required Supplementary Information)
(unaudited)
YEAR ENDED JUNE 30, 2024

The comparison of revenue and expenditure categories is as follows:

Budgeted revenues

	2024-25		2023-24	
Local	\$ 47,902,166	63.4 %	\$ 43,630,505	60.8 %
State	26,842,168	35.5	24,961,013	34.8
Federal/other	858,083	1.1	3,193,482	4.4
Total	<u>\$ 75,602,417</u>	<u>100.0 %</u>	<u>\$ 71,785,000</u>	<u>100.0 %</u>

Budgeted expenditures and other financing uses

	2024-25		2023-24	
Instruction	\$ 49,267,801	61.4 %	\$ 46,189,256	59.8 %
Support services	25,844,754	32.2	25,905,383	33.6
Operation of noninstructional services	1,239,139	1.5	1,185,524	1.5
Other financing uses	3,928,306	4.9	3,929,837	5.1
	<u>\$ 80,280,000</u>	<u>100.0 %</u>	<u>\$ 77,210,000</u>	<u>100.0 %</u>

CONTACTING THE DISTRICT FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to show the Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact Michelle D. Shuler, Business Manager of the Lower Dauphin School District, 291 East Main Street, Hummelstown, PA 17036 (717-566-5323).

LOWER DAUPHIN SCHOOL DISTRICT

STATEMENT OF NET POSITION (DEFICIT)
JUNE 30, 2024

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total</u>
Current assets:			
Cash	\$ 683,970	\$ 43,169	\$ 727,139
Restricted cash	1,782,365		1,782,365
Investments	14,963,900	788,150	15,752,050
Taxes receivable, net	1,198,789		1,198,789
Due from other governments	5,047,173	137,868	5,185,041
Other receivables, net	401,531		401,531
Inventory	30,000	39,257	69,257
Total current assets	<u>24,107,728</u>	<u>1,008,444</u>	<u>25,116,172</u>
Noncurrent assets:			
Land	530,467		530,467
Site improvements	10,275,201		10,275,201
Buildings and improvements	103,142,586		103,142,586
Machinery and equipment	21,726,400	1,062,697	22,789,097
Accumulated depreciation	<u>(80,159,907)</u>	<u>(1,062,697)</u>	<u>(81,222,604)</u>
Total capital assets	55,514,747	-	55,514,747
Investments held for capital asset purchases	362,594		362,594
Total noncurrent assets	<u>55,877,341</u>	<u>-</u>	<u>55,877,341</u>
Total assets	<u>79,985,069</u>	<u>1,008,444</u>	<u>80,993,513</u>
Deferred outflows of resources:			
Pensions	13,414,000		13,414,000
Other postemployment benefits	606,564		606,564
Other postemployment benefits (HIPAP)	199,000		199,000
Total deferred outflows of resources	<u>14,219,564</u>		<u>14,219,564</u>
Total assets and deferred outflows of resources	<u>\$ 94,204,633</u>	<u>\$ 1,008,444</u>	<u>\$ 95,213,077</u>

See notes to financial statements.

LOWER DAUPHIN SCHOOL DISTRICT

STATEMENT OF NET POSITION (DEFICIT)
JUNE 30, 2024

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)

	Governmental activities	Business-type activities	Total
Current liabilities:			
Accounts payable	\$ 1,339,553	\$ 54,156	\$ 1,393,709
Current portion of note payable	3,494,000		3,494,000
Accrued:			
Salaries and benefits	7,285,539		7,285,539
Interest	7,156		7,156
Unearned revenue		77,643	77,643
Total current liabilities	12,126,248	131,799	12,258,047
Noncurrent liabilities:			
Compensated absences	1,494,785		1,494,785
Net pension liability	82,033,000		82,033,000
Other postemployment benefits	10,692,747		10,692,747
Other postemployment benefits (HIPAP)	3,329,000		3,329,000
Total noncurrent liabilities	97,549,532		97,549,532
Total liabilities	109,675,780	131,799	109,807,579
Deferred inflows of resources:			
Deferred charge on refunding	11,356		11,356
Pensions	3,856,000		3,856,000
Other postemployment benefits	3,356,629		3,356,629
Other postemployment benefits (HIPAP)	485,000		485,000
Total deferred inflows of resources	7,708,985		7,708,985
Net position (deficit):			
Net investment in capital assets	52,371,985		52,371,985
Restricted	2,144,959		2,144,959
Unrestricted	(77,697,076)	876,645	(76,820,431)
Total net position (deficit)	(23,180,132)	876,645	(22,303,487)
Total liabilities, deferred inflows of resources and net position	\$ 94,204,633	\$ 1,008,444	\$ 95,213,077

See notes to financial statements.

LOWER DAUPHIN SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

	Program revenues		Net (expense) revenue and changes in net position			
	Expenses	Charges for services	Operating grants and contributions	Governmental activities	Business-type activities	Total
Governmental activities:						
Instructional services:						
Regular	\$ 28,642,371		\$ 4,071,056	\$(24,571,315)		\$(24,571,315)
Special	13,185,937		5,010,052	(8,175,885)		(8,175,885)
Vocational	3,007,018		193,730	(2,813,288)		(2,813,288)
Other instructional programs	1,183,994		847,726	(336,268)		(336,268)
Community/junior college instructional programs	191,539			(191,539)		(191,539)
Pre-kindergarten	16,403		13,969	(2,434)		(2,434)
Total instructional services	46,227,262		10,136,533	(36,090,729)		(36,090,729)
Support services:						
Pupil personnel	2,775,517		444,981	(2,330,536)		(2,330,536)
Instructional staff	2,795,625		265,988	(2,529,637)		(2,529,637)
Administration	4,382,356		484,049	(3,898,307)		(3,898,307)
Pupil health	853,469		167,485	(685,984)		(685,984)
Business services	678,396		72,809	(605,587)		(605,587)
Operation of plant and maintenance	6,219,566		1,694,440	(4,525,126)		(4,525,126)
Student transportation services	3,400,103		1,565,109	(1,834,994)		(1,834,994)
Central	520,931		58,856	(462,075)		(462,075)
Other support services	38,888			(38,888)		(38,888)
Total support services	21,664,851		4,753,717	(16,911,134)		(16,911,134)
Noninstructional services:						
Student activities	1,151,741	\$ 75,699	55,671	(1,020,371)		(1,020,371)
Community services	9,730		4,235	(5,495)		(5,495)
Other financing uses, debt service, interest	46,799		769,145	722,346		722,346
Total noninstructional services	1,208,270	75,699	829,051	(303,520)		(303,520)

(continued)

LOWER DAUPHIN SCHOOL DISTRICT

STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2024

	Program revenues			Net (expense) revenue and changes in net position		
	Expenses	Charges for services	Operating grants and contributions	Governmental activities	Business-type activities	Total
Total governmental activities	\$ 69,100,383	\$ 75,699	\$ 15,719,301	\$ (53,305,383)		\$ (53,305,383)
Business-type activities, food service	2,138,915	976,416	1,223,928		\$ 61,429	61,429
Total primary government	\$ 71,239,298	\$ 1,052,115	\$ 16,943,229	(53,305,383)	61,429	(53,243,954)
General revenues:						
Taxes:						
Property, etc.				33,747,639		33,747,639
Other				9,107,126		9,107,126
Grants, subsidies, other nonrestricted				13,567,776		13,567,776
Contributions and donations					7,977	7,977
Interest				1,265,682	39,620	1,305,302
Miscellaneous				110,570		110,570
Total general revenues				57,798,793	47,597	57,846,390
Change in net position				4,493,410	109,026	4,602,436
Net position (deficit):						
July 1, 2023				(27,673,542)	767,619	(26,905,923)
June 30, 2024				\$ (23,180,132)	\$ 876,645	\$ (22,303,487)

See notes to financial statements.

LOWER DAUPHIN SCHOOL DISTRICT

BALANCE SHEET – GOVERNMENTAL FUNDS – JUNE 30, 2024

ASSETS

	Major fund		Total
	General	Nonmajor	governmental
	Fund	funds	funds
Assets:			
Cash	\$ 683,970		\$ 683,970
Restricted cash		\$ 1,782,365	1,782,365
Investments	14,963,900	362,594	15,326,494
Taxes receivable, net	1,198,789		1,198,789
Due from other governments	5,047,173		5,047,173
Other receivables, net	401,531		401,531
Inventory	30,000		30,000
Total assets	\$ 22,325,363	\$ 2,144,959	\$ 24,470,322

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES

Liabilities:			
Accounts payable	\$ 1,339,553		\$ 1,339,553
Accrued salaries and benefits	7,285,539		7,285,539
Total liabilities	8,625,092		8,625,092
Deferred inflows of resources, unavailable revenue	937,118		937,118
Fund balances:			
Nonspendable, inventory	30,000		30,000
Restricted		\$ 2,144,959	2,144,959
Committed	7,600,000		7,600,000
Assigned	4,720,483		4,720,483
Unassigned	412,670		412,670
Total fund balances	12,763,153	2,144,959	14,908,112
Total liabilities, deferred inflows of resources and fund balances	\$ 22,325,363	\$ 2,144,959	\$ 24,470,322

See notes to financial statements.

LOWER DAUPHIN SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION (DEFICIT) JUNE 30, 2024

Total fund balances, governmental funds	\$ 14,908,112
Amounts reported for governmental activities in the statement of net position (deficit) are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of assets is \$135,674,654, and the accumulated depreciation is \$80,159,907.	55,514,747
Certain property taxes receivable will be collected subsequent to year end, but are not a current financial resource and, therefore, are unavailable in the funds.	937,118
Net pension, net other postemployment benefits and net other postemployment benefits (HIPAP) obligations are not due and payable in the current period and, therefore, are not reported in the funds:	
Net pension liability	(82,033,000)
Net other postemployment benefits liability	(10,692,747)
Net other postemployment benefits (HIPAP) liability	(3,329,000)
Deferred outflows and inflows of resources related to pensions, other postemployment benefits and other postemployment benefits (HIPAP) are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources:	
Pensions	13,414,000
Other postemployment benefits	606,564
Other postemployment benefits (HIPAP)	199,000
Deferred inflows of resources:	
Pensions	(3,856,000)
Other postemployment benefits	(3,356,629)
Other postemployment benefits (HIPAP)	(485,000)
Government-wide liabilities and related assets are not included in governmental funds as a result of the difference in the measurement focus of accounting:	
Bonds payable	\$(3,494,000)
Deferral on debt refunding	(11,356)
Accrued interest on the bonds	(7,156)
Compensated absences	(1,494,785)
	(5,007,297)
Total net position (deficit), governmental activities	<u>\$ (23,180,132)</u>

See notes to financial statements.

LOWER DAUPHIN SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024

	Major funds			Total governmental funds
	General Fund	Debt Service Fund	Nonmajor funds	
Revenues:				
Local sources:				
Real estate taxes and penalties	\$ 34,014,204			\$ 34,014,204
Other taxes and penalties	9,107,126			9,107,126
Investment income	1,213,730		\$ 51,952	1,265,682
Rent	49,170			49,170
Other revenues	1,102,407			1,102,407
Total local sources	45,486,637		51,952	45,538,589
State sources	25,361,148			25,361,148
Federal sources	2,960,621			2,960,621
Total revenues	73,808,406		51,952	73,860,358
Expenditures:				
Current:				
Instruction	46,518,348			46,518,348
Support services	25,159,057			25,159,057
Operation of noninstructional services	1,164,790			1,164,790
Refund of prior year receipts	21,718			21,718
Debt service:				
Principal		\$ 3,471,000		3,471,000
Interest		25,165		25,165
Total expenditures	72,863,913	3,496,165		76,360,078
Excess (deficiency) of revenues over expenditures	944,493	(3,496,165)	51,952	(2,499,720)

LOWER DAUPHIN SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2024

	Major funds			
	General Fund	Debt Service Fund	Nonmajor funds	Total governmental funds
Other financing sources (uses):				
Interfund operating transfers:				
In		\$ 3,496,165		\$ 3,496,165
Out	\$ (3,496,165)			(3,496,165)
Total other financing sources (uses)	(3,496,165)	3,496,165		-
Net change in fund balance	(2,551,672)	-	\$ 51,952	(2,499,720)
Fund balance:				
July 1, 2023	15,314,825		2,093,007	17,407,832
June 30, 2024	\$ 12,763,153	\$ -	\$ 2,144,959	\$ 14,908,112

See notes to financial statements.

LOWER DAUPHIN SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

Total net change in fund balance, governmental funds **\$ (2,499,720)**

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation in the period.

Capital outlays	\$ 3,414,743	
Depreciation	<u>(2,882,973)</u>	531,770

Some property taxes will not be collected for several months after the District's fiscal year ends; they are not considered as "available" revenues in the governmental funds. Unavailable tax revenue increased by this amount in the period. (266,565)

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position (deficit). 3,471,000

Governmental funds report District pension, other postemployment benefits and other postemployment benefits (HIPAP) contributions as expenditures. However, in the statement of activities, the cost of these benefits earned is reported as expense.

Pensions:		
District contributions	9,869,000	
Cost of benefits earned	<u>(6,926,000)</u>	2,943,000

Other postemployment benefits:		
District contributions	606,564	
Cost of benefits earned	<u>(621,552)</u>	(14,988)

Other postemployment benefits (HIPAP):		
District contributions	191,000	
Cost of benefits earned	<u>(70,000)</u>	121,000

LOWER DAUPHIN SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2024

In the statement of activities, certain operating expenses, such as compensated absences are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount incurred versus the amount used:

\$ 194,698

Other:

Change in accrued interest expense on bonds payable

\$ 84

Net amortization of bond refunding and bond premium

13,131

13,215

Change in net position of governmental activities

\$ 4,493,410

LOWER DAUPHIN SCHOOL DISTRICT

STATEMENT OF NET POSITION – PROPRIETARY FUND
JUNE 30, 2024

ASSETS

	<u>Food Service Fund</u>
Current assets:	
Cash	\$ 43,169
Investments	788,150
Due from other governments	137,868
Inventory	<u>39,257</u>
Total current assets	<u>1,008,444</u>
Noncurrent assets:	
Machinery and equipment	1,062,697
Accumulated depreciation	<u>(1,062,697)</u>
Total noncurrent assets	<u>-</u>
Total assets	<u><u>\$ 1,008,444</u></u>

LIABILITIES AND NET POSITION

Current liabilities:	
Accounts payable	\$ 54,156
Unearned revenue	<u>77,643</u>
Total liabilities, all current	131,799
Net position, unrestricted	<u>876,645</u>
Total liabilities and net position	<u><u>\$ 1,008,444</u></u>

See notes to financial statements.

LOWER DAUPHIN SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION –
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2024

	Food Service Fund
Operating revenues, food service revenue	\$ 976,416
Operating expenses, purchased services including U.S. Department of Agriculture (USDA) donated commodities	<u>2,138,915</u>
Operating loss	<u>(1,162,499)</u>
Nonoperating revenues:	
Earnings on investments	39,620
Contributions and donations	7,977
State subsidy revenue	167,271
Federal subsidy revenue	857,494
USDA donated commodities	<u>199,163</u>
Total nonoperating revenues	<u>1,271,525</u>
Change in net position	109,026
Total net position:	
July 1, 2023	<u>767,619</u>
June 30, 2024	<u><u>\$ 876,645</u></u>

See notes to financial statements.

LOWER DAUPHIN SCHOOL DISTRICT

STATEMENT OF CASH FLOWS – PROPRIETARY FUND
YEAR ENDED JUNE 30, 2024

	Food Service Fund
Cash flows from operating activities:	
Cash received from users	\$ 991,347
Cash payments, suppliers for goods and services	<u>(1,951,363)</u>
Net cash used in operating activities	<u>(960,016)</u>
Cash flows from noncapital financing activities:	
Contributions and donations	7,977
State sources	147,267
Federal sources	<u>768,127</u>
Net cash provided by noncapital financing activities	<u>923,371</u>
Cash flows from investing activities:	
Change in investments	(17,771)
Earnings on investments	<u>39,620</u>
Net cash provided by investing activities	<u>21,849</u>
Net decrease in cash	(14,796)
Cash:	
Beginning of year	<u>57,965</u>
End of year	<u><u>\$ 43,169</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	<u>\$ (1,162,499)</u>
Adjustments:	
Donated commodities	199,163
Decrease in inventories	(7,153)
Increase (decrease) in:	
Accounts payable	(4,458)
Unearned revenue	<u>14,931</u>
Total adjustments	<u>202,483</u>
Net cash used in operating activities	<u><u>\$ (960,016)</u></u>

See notes to financial statements.

LOWER DAUPHIN SCHOOL DISTRICT

STATEMENT OF NET POSITION – FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2024

	Student activities	Private purpose trust	Total fiduciary funds
ASSETS			
Assets:			
Cash	\$ 59,431	\$ 52,937	\$ 112,368
Investments	98,544	90,904	189,448
Accounts receivable	400		400
Total assets	\$ 158,375	\$ 143,841	\$ 302,216
LIABILITIES AND NET POSITION			
Liabilities, accounts payable	\$ 314		\$ 314
Net position:			
Restricted for student groups	158,061		158,061
Held in trust for scholarships		\$ 143,841	143,841
Total liabilities and net position	\$ 158,375	\$ 143,841	\$ 302,216

See notes to financial statements.

LOWER DAUPHIN SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2024

	<u>Student activities</u>	<u>Private purpose trust</u>	<u>Total fiduciary funds</u>
Additions, interest, gifts and contributions	\$ 272,622	\$ 6,413	\$ 279,035
Deductions, student activities and scholarships awarded	<u>(263,783)</u>	<u>(7,600)</u>	<u>(271,383)</u>
Change in net position	8,839	(1,187)	7,652
Net position:			
July 1, 2023	<u>149,222</u>	<u>145,028</u>	<u>294,250</u>
June 30, 2024	<u>\$ 158,061</u>	<u>\$ 143,841</u>	<u>\$ 301,902</u>

See notes to financial statements.

LOWER DAUPHIN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

1. Nature of organization and significant accounting policies:

Lower Dauphin School District (School District or District), located in Dauphin County, Pennsylvania, provides a full range of educational services appropriate to grade levels kindergarten through twelve to students living in Hummelstown Borough and Conewago, East Hanover, Londonderry and South Hanover Townships. These include regular, advanced academic and vocational education programs and special education programs for gifted and handicapped children. 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. The District is comprised of five elementary schools, one middle school and one high school serving approximately 4,000 students.

The accounting policies of Lower Dauphin School District are in accordance with accounting principles generally accepted in the United States of America as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the District's significant accounting policies.

Reporting entity:

The criteria used by the District to evaluate the possible inclusion of related entities (Authorities, Boards, Councils and so forth) within its reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given case, the District reviews the applicability of the following criteria.

The District is financially accountable for:

1. Organizations that make up its legal entity.
2. Legally separate organizations - if District officials appoint a voting majority of the organization's governing body and the District is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the District as defined below.

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

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

3. Organizations that are fiscally dependent on the District. Fiscal dependency is established if the organization is unable to adopt its own budget, levy taxes or set rates or charges or issue bonded debt without the approval of the District.

Based on the foregoing criteria, no additional entities are included in the accompanying financial statements.

LOWER DAUPHIN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

1. Nature of organization and significant accounting policies (continued):

Basis of presentation, fund accounting and measurement focus:

Basis of presentation:

Government-wide statements (i.e., the statement of net position (deficit) and the statement of activities) report information on all of the nonfiduciary activities of the School District. As a general rule, the effect of interfund activity has been eliminated 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 expenses of a given function are offset by program revenues. Program revenues include charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a given function. In addition, program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements are also provided in the report for all of the governmental funds, the proprietary fund and the fiduciary funds of the School District. Major individual governmental funds are reported as separate columns in the fund financial statements. The nonmajor funds are presented in a single column. Fiduciary funds are reported by fund type.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The operating revenues of the School District's proprietary (enterprise) fund are food service charges. Operating expenses for the School District's proprietary (enterprise) fund include food production costs, supplies, administrative costs and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fund accounting:

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts comprising each fund's assets, liabilities, fund equity, revenues and expenditures or expenses. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent.

Governmental funds:

Governmental funds are used to account for the District's expendable financial resources and related liabilities (except those accounted for in proprietary funds). The measurement focus is upon determination of changes in financial position. The following are the District's major governmental fund types:

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

Debt Service Fund - This fund is used to account for the accumulation of resources for and payment of, interest and principal on debt.

LOWER DAUPHIN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

1. Nature of organization and significant accounting policies (continued):

Basis of presentation, fund accounting and measurement focus:

Governmental funds:

Nonmajor Funds – The nonmajor funds consist of the capital reserve fund and the capital contingency fund. These funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

Proprietary fund:

The proprietary fund is used to account for activities that are similar to those often found in the private sector. It consists of an Enterprise Fund, which is used to account for the District's operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the cost of providing goods or services to the students on a continuing basis will be financed or recovered primarily through user charges. The following fund is used to account for those financial activities:

Food Service Fund - This fund accounts for the revenues, food purchases and other costs and expenses of providing meals to students during the school year.

Fiduciary funds:

These are the funds that account for the assets held by the School District as a trustee or custodian for individuals or private organizations and are, therefore, not available to support the District's own programs. The funds included in this category are:

Private Purpose Trust Funds - These funds are used to account for assets held by the School District in a trustee capacity or as a custodian. This fund accounts for various scholarship funds.

Student Activities Funds - These funds are used to account for assets authorized by Section 511 of the Public School Code of 1949, for school publications and organizations.

Measurement focus and basis of accounting:

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

LOWER DAUPHIN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

1. Nature of organization and significant accounting policies (continued):

Basis of presentation, fund accounting and measurement focus:

Measurement focus and basis of accounting:

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenue to be available if collected within 60 days of the end of the fiscal period. Revenue from federal, state and other grants designated for payment of specific School District expenditures is 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 a liability is incurred, as discussed above as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pension expense in excess of employer contributions, postemployment benefits and claims and judgments, are recorded only when payment is due.

Revenues, exchange and nonexchange transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year in which the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from exchange and nonexchange transactions must also be available before it can be recognized.

Cash and cash equivalents:

For the purposes of the statement of cash flows, the District considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments:

Investments are stated at fair value. Fair value of the investment approximates cost/principal amounts because those are the values at which the investments can be readily redeemed.

Taxes receivable, due from other governments and other receivables:

These amounts are stated at the amount management expects to collect and no losses are expected to be recorded.

LOWER DAUPHIN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

1. Nature of organization and significant accounting policies (continued):

Due from other funds and due to other funds:

Interfund receivables and payables arise from interfund activity and are recorded in the same period by all funds affected.

Inventories:

Inventories in the Food Service Fund include government donated commodities, which were valued at fair value, and purchased commodities and supplies, both valued at cost using the first-in, first-out (FIFO) method. Any unused commodities donated by the federal government at June 30, 2024 are reported as unearned revenue.

Capital assets:

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Such assets are recorded at historical cost or estimated historical cost if historical cost is not available. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

All reported capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40 to 50
Building improvements	20
Site improvements	15
Machinery and equipment	5 to 15

Long-term obligations:

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental statements. All long-term items are expected to be satisfied utilizing governmental funds. Bond and note premiums and discounts are deferred and amortized over the life of the bonds or note using the straight-line method.

Changes in premiums and discounts are reported as part of long-term debt. Bond issuance costs are generally expensed as incurred. In the fund financial statements, governmental fund types recognize bond premiums and discounts as revenues or expenditures during the current period.

LOWER DAUPHIN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

1. Nature of organization and significant accounting policies (continued):

Pension and other postemployment benefit (HIPAP) plans:

For purposes of measuring the net pension liability, net other postemployment benefits (HIPAP) liability, deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits (HIPAP) liability, pension expense and other postemployment benefits (HIPAP) 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.

Substantially all full-time and part-time employees of the District participate in a cost-sharing multiple-employer defined benefit pension plan and other postemployment benefit plan for healthcare insurance premium assistance program (HIPAP) through Public School Employees' Retirement System (PSERS or the System). On the governmental fund financial statements, the District recognizes annual pension and other postemployment benefits (HIPAP) expenditures or expenses equal to its contractually required contributions. For the fiscal year ended June 30, 2024, the rate of employer contribution was 34.00%. The 34.00% rate is composed of a contribution rate of 33.09% for pension benefits, 0.64% for healthcare insurance premium assistance and 0.27% for defined contribution costs. The District is required to pay the entire employer contribution rate and is reimbursed by the Commonwealth in an amount equal to the Commonwealth's share as determined by the income aid ratio (as defined in Act 29 of 1994), which is at least one-half of the total employer rate. Such payments are recorded in the General Fund as state source revenues. In the government-wide financial statements, payments are allocated based on function. The District made all required contributions for the year ended June 30, 2024 and has recognized them as expenditures or expenses.

Compensated absences:

The School District allows employees to accumulate an unlimited amount of sick leave. Upon retirement or termination, the employee would be paid a certain amount, according to their contract, for these accumulated sick days. Earned vacation time is generally required to be used within one year of accrual.

Deferred outflows and inflows of resources:

The statement of financial position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources are a separate financial statement element and represent consumption of net position or fund balance that applies to future periods, and thus, will not be recognized as an outflow of resources (expense) until then. Deferred inflows of resources are a separate financial statement element and represent the acquisition of net position or fund balance that applies to future periods and will not be recognized as an inflow of resources (revenue) until a future period. The District has three items that qualify for reporting as a deferred outflow of resources and two items that qualified for reporting as deferred inflow of resources in the government-wide financial statements.

LOWER DAUPHIN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

1. Nature of organization and significant accounting policies (continued):

Deferred outflows and inflows of resources:

The first item relates to the net pension liability, and these deferrals are only reported in the government-wide statement of net position (deficit). Deferred outflows and deferred inflows of resources result from changes in the District's proportionate share of the total pension liability and the pension plan's fiduciary net position, for contributions made to the plan between the measurement date of the net pension liability and the end of the District's fiscal year, for differences between projected and actual experience, change in assumptions, net changes in proportionate share of the net pension liability and for actual pension plan investment earnings in excess of or less than the expected amount included in determining the expense. The deferred outflows related to the contribution are included in pension expense in the next year, whereas other deferrals are attributed to pension expense over a total of five years, including the current year.

The second item relates to the net other postemployment benefits and net other postemployment benefits (HIPAP), and these deferrals are only reported in the government-wide statement of net position (deficit). Deferred outflows and deferred inflows of resources related to other postemployment benefits result from changes in the District's actuarially determined liability. Deferred outflows and deferred inflows of resources related to other postemployment benefits (HIPAP) result from changes in the District's proportionate share of the total other postemployment benefits (HIPAP) liability and the other postemployment benefit (HIPAP) plan's fiduciary net position, for contributions made to the plan between the measurement date of the net other postemployment benefits (HIPAP) liability and the end of the District's fiscal year, for differences between projected and actual experience, change in assumptions, net changes in proportionate share of the net other postemployment benefits (HIPAP) liability and for actual other postemployment benefits (HIPAP) plan investment earnings in excess of or less than the expected amount included in determining the expense. The deferred outflows related to the contribution are included in other postemployment benefits (HIPAP) expense in the next year, whereas other deferrals are attributed to other postemployment benefits (HIPAP) expense over a total of five to seven years, including the current year.

The third item related to a deferred charge on refunding, results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. In the fund financial statements, governmental fund types recognize the deferred charge on refunding as an expense during the current year.

The governmental funds balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to future periods, and so will not be recognized as an inflow of resources (revenue) until that time. In the governmental funds, the deferred inflow of resources is for revenues that are not considered available. The District will not recognize the related revenues until they are available (collected no later than 60 days after the end of the District's fiscal year) under the modified accrual basis of accounting. Accordingly, the item unavailable revenue is reported only in the governmental funds balance sheet.

Fund balance classification:

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: Includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

LOWER DAUPHIN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

1. Nature of organization and significant accounting policies (continued):

Fund balance classification:

Restricted: Includes amounts that can be spent only for specific purposes because of the grantors' or contributors' restrictions, the District ordinance, the city code, state or federal laws or externally imposed conditions by grantors or creditors.

Committed: Includes amounts that can be used only for specific purposes determined by a formal action by the District's board (highest level of decision-making authority) resolution. These amounts cannot be used for any other purpose unless the District's board removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed.

Assigned: Includes amounts that are designated by the District's board for a specific purpose, but are not spendable until a formal action by the District's board or ordinance is passed. This classification includes amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. This intent can be expressed by the District's board or through the District's board delegating this responsibility to the District's management through the budgetary process.

Unassigned: All amounts not included in other spendable classifications and are considered to be available for general use by the District.

The classifications of the fund balances are included in the governmental funds balance sheet. The District would typically use restricted fund balances first, followed by committed resources and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds. Assigned funds are reduced to the extent that expenditure authority has been budgeted by the board or the assignment has been changed by the board. Decreases to fund balance first reduce unassigned fund balance; in the event that unassigned fund balance becomes zero, then assigned and committed fund balances are used in that order.

Donations:

All donations are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions of donated noncash assets are recorded at their fair values in the period received. The District also receives donated services from unpaid volunteers who assist in fundraising activities and administrative services. No amounts for these services have been recognized in the statement of activities.

Use of estimates:

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferrals 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. Significant estimates that are sensitive to changes in assumptions in these financial statements are the PSERS pension liability, HIPAP liability and OPEB liability. Actual results could differ from those estimates.

LOWER DAUPHIN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

1. Nature of organization and significant accounting policies (continued):

New accounting pronouncement adopted:

The following summarizes the GASB Statement implemented by the District during the year ended June 30, 2024, and the relating effects on the financial statements presentation and disclosure, as applicable:

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. This Statement's objective is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions and assessing accountability. The District adopted Statement No. 100 for its June 30, 2024 financial statements. There were no significant changes to the District's financials as a result of the adoption of the Statement.

Pending GASB statements:

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement's objective is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The provisions of Statement No. 101 are effective for the District's June 30, 2025 financial statements.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition. The provisions of Statement No. 102 are effective for the District's June 30, 2025 financial statements.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The provisions of Statement No. 103 are effective for the District's June 30, 2026 financial statements.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires capital assets held for sale be evaluated each reporting period and should disclose the ending balance of capital assets held for sale (with separate disclosure for historical cost and accumulated depreciation by major class of asset) and the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. The provisions of Statement No. 104 are effective for the District's June 30, 2026 financial statements.

The effect of implementation of these statements on future years has not yet been determined.

LOWER DAUPHIN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

2. Deposits and investments:

Under Section 440.1 of the Public School Code of 1949, as amended, the School District is permitted to invest its monies in the following:

1. Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.
2. Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation (FDIC) to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law is pledged by the depository.

Custodial credit risk, deposits:

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk. As of June 30, 2024, \$2,952,554 of the District's bank balance of \$3,337,692 was exposed to custodial credit risk, but was collateralized by the pledging bank's trust department in accordance with Act 72.

The reconciliation of deposits to the financial statements is as follows:

Bank accounts, uninsured	\$ 2,952,554
Insured by Federal Depository Insurance	385,138
Outstanding checks	<u>(715,820)</u>
Total	<u>\$ 2,621,872</u>
Governmental activities	\$ 683,970
Governmental activities, restricted	1,782,365
Business-type activities	43,169
Fiduciary fund deposits not included in government-wide statements	<u>112,368</u>
	<u>\$ 2,621,872</u>

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral security that is in the possession of an outside party.

LOWER DAUPHIN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

2. Deposits and investments (continued):

Custodial credit risk, deposits:

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

Investment	Maturities	Ratings	Fair value
Pennsylvania Local Government Investment Trust (PLGIT)	Demand	AAAm	\$ 10,071,610
Pennsylvania Treasurer's INVEST Program	Demand	AAA	362,594
Mid Penn Bank demand deposit account	Demand	(a)	5,778,984
Certificate of deposit	1/3/2025	FDIC insured	<u>90,904</u>
Total			<u><u>\$ 16,304,092</u></u>

Reconciliation of investments to the financial statements is as follows:

Governmental activities:

Current assets, investments	\$ 14,963,900
Noncurrent assets, investments held for capital asset purchases	362,594
Business-type activities	788,150
Fiduciary fund investments not included in government-wide statements	<u>189,448</u>

\$ 16,304,092

(a) \$250,000 is insured, and the entire balance is collateralized by the pledging bank in accordance with Act 72.

Interest rate risk:

The District has a formal investment policy that permits investments as authorized by law. The policy does not limit investment maturities as a means of managing its exposure to fair value losses resulting from increasing interest rates.

Concentration of credit risk:

The District places no limit on the amounts invested in any one issuer. The District's investments in PLGIT represent 61.8% of the District's total investments as of June 30, 2024.

The District uses external investment pools to ensure safety and maximize efficiency, liquidity and yield for District funds. The external investment pools are valued at amortized cost, which approximates fair value. The amortized cost method involves valuing a security at its cost on the date of purchase and recording a constant amortization or accretion to maturity of any discount or premium. The fair value of securities, held by the external investment pool, is evaluated at least on a weekly basis using prices supplied from an independent pricing service. These values are compared to the amortized cost.

LOWER DAUPHIN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

2. Deposits and investments (continued):

Concentration of credit risk:

The District has investments with PLGIT. PLGIT (the Fund) was established as a common law trust, organized under laws of the Commonwealth of Pennsylvania. Shares of the Fund are offered to certain Pennsylvania school districts, intermediate units, area vocational-technical schools and municipalities. The purpose of the Fund is to enable such governmental units to pool their available funds for investments authorized by Section 440.1 of the Pennsylvania Public School Code of 1949 as amended. The Fund is governed by elected boards of trustees who are responsible for the overall management of the Fund. The trustees are elected from the several classes of local governments participating in the Fund. Each fund is audited annually by independent auditors. The Fund operates in a manner consistent with the Securities and Exchange Commission's Rule 2(a)7 of the Investment Company Act of 1940. The Fund uses amortized cost to report net position to compute share prices. The Fund maintains a net asset value of \$1 per share. Accordingly, the fair value of the position in the Fund is the same as the value of the Fund's shares.

The District is invested in PLGIT - Class shares, which require no minimum balance, no minimum initial investment and have a one-day minimum investment period. At June 30, 2024, PLGIT carried an AAAM rating and had an average maturity of less than one year.

3. Real estate taxes:

Based upon assessments provided by the County, the School District's tax collectors bill and collect property taxes. The School District tax rate for the year ended June 30, 2024 was 18.97 mills (\$18.97 per \$1,000 of assessed valuation) as levied by the Board of School Directors. The schedule for real estate taxes levied for each fiscal year is as follows:

July 1	Levy date
July 1 - August 31	2% discount period
September 1 - October 31	Face payment period
November 1 - December 31	10% penalty period
January	Turned over forcollections

LOWER DAUPHIN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

4. Taxes receivable and unavailable revenue, General Fund:

A summary of the taxes receivable and related accounts follows:

	Taxes receivable	Collections received within 60 days recognized as revenue in the General Fund	General Fund unavailable revenue
Real estate	\$ 657,868	\$ 123,310	\$ 534,558
Per capita and occupational privilege tax	540,921	138,361	402,560
	\$ 1,198,789	\$ 261,671	\$ 937,118

5. Interfund activity:

The District transfers resources from different funds to and from the General Fund to support the general operations of the District. Interfund transfers for the year ended June 30, 2024 were as follows:

Transfers to	Transfers from General Fund
Debt Service Fund for debt service	\$ 3,496,165

6. Due from other governments:

The following amounts were due from other governmental units:

	General Fund
Federal programs	\$ 1,441,575
State subsidies:	
Social Security	378,168
Retirement	1,745,703
Other	270,746
Local governmental units	1,210,981
	\$ 5,047,173

LOWER DAUPHIN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

7. Unearned revenue:

Unearned revenues at June 30, 2024 consisted of the following:

	Food Service Fund
Commodities inventory	\$ 13,333
Unearned revenue, other	64,310
	\$ 77,643

8. Capital assets:

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

	Beginning balance	Increases	Reclassifications	Ending balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 530,467			\$ 530,467
Construction in progress	155,517		\$ (155,517)	-
Total assets not being depreciated	685,984		(155,517)	530,467
Capital assets being depreciated:				
Site improvements	9,812,742	\$ 451,131	11,328	10,275,201
Buildings and building improvements	100,756,793	2,241,604	144,189	103,142,586
Machinery and equipment	21,004,392	722,008		21,726,400
Total assets being depreciated	131,573,927	3,414,743	155,517	135,144,187
Less accumulated depreciation for:				
Site improvements	6,656,788	327,497		6,984,285
Buildings and building improvements	54,124,105	2,143,154		56,267,259
Machinery and equipment	16,496,041	412,322		16,908,363
Total accumulated depreciation	77,276,934	2,882,973		80,159,907
Total capital assets being depreciated, net	54,296,993	531,770	155,517	54,984,280
Governmental activities, capital assets, net	\$ 54,982,977	\$ 531,770	\$ -	\$ 55,514,747

LOWER DAUPHIN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

8. Capital assets (continued):

	Beginning balance	Increases	Decreases	Ending balance
Business-type activities:				
Capital assets being depreciated, equipment	\$ 1,062,697			\$ 1,062,697
Less accumulated depreciation for equipment	1,062,697			1,062,697
Business-type activities, capital assets, net	\$ -			\$ -

Depreciation expense was charged to functions of the government as follows:

	Instruction	Support services	Non- instructional	Total
Regular instruction	\$ 1,429,502			\$ 1,429,502
Special instruction	525,601			525,601
Vocational instruction	90,824			90,824
Other instructional programs	61,607			61,607
Pre-kindergarten	1,113			1,113
Pupil personnel		\$ 144,555		144,555
Instructional staff		89,486		89,486
Administration		226,930		226,930
Pupil health		48,540		48,540
Business services		34,134		34,134
Operation of plant and maintenance		161,854		161,854
Student transportation services		14,699		14,699
Central		27,592		27,592
Student activities			\$ 26,100	26,100
Community services			436	436
	\$ 2,108,647	\$ 747,790	\$ 26,536	\$ 2,882,973
	\$ 2,108,647	\$ 747,790	\$ 26,536	\$ 2,882,973

LOWER DAUPHIN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

9. Long-term debt:

The following is a summary of the general obligation note payable outstanding at June 30, 2024:

Year	Amount	Interest rate	Maturity date
Note Series of 2021	\$ 3,494,000	0.70%	2025

On May 10, 2021, the District issued the General Obligation Note, Series of 2021, in the amount of \$13,495,000. Principal payments will be due in varying amounts through March 2025, and the interest rate is 0.70%. The General Obligation Note, Series of 2021, was used to refund the General Obligation Bonds, Series of 2012; General Obligation Note, Series of 2015; General Obligation Note, Series A of 2015 and General Obligation Note, Series of 2019 and pay the costs of issuing the note.

The following is a summary of debt transactions of the District for the year ended June 30, 2024:

Note payable at July 1, 2023	\$ 6,965,000
Note principal paid, Series of 2021	(3,471,000)
Curren portion of note payable	\$ 3,494,000

The debt service requirements are as follows:

Year ending June 30,	Principal	Interest	Total
2025	\$ 3,494,000	\$ 12,306	\$ 3,506,306

10. Defined benefit pension plan:

Plan description:

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

Benefits provided:

Benefits are provided by PSERS by statute; therefore, financial statement amounts are affected by PSERS activity. The District's reported amounts will vary over time depending on the pension results of PSERS.

LOWER DAUPHIN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

10. Defined benefit pension plan (continued):

Benefits provided:

PSERS provides retirement, disability and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service.

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

Benefits are generally between 1% 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 service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

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

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 3 years of credited service for Class T-E and Class T-F members) or who has at least 5 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.

Member contributions:

Active members who joined the System prior to July 22, 1983 contribute at 5.25% (Membership Class T-C) or at 6.50% (Membership Class T-D) of the members' qualifying compensation.

Members who joined the System on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25% (Membership Class T-C) or at 7.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System after June 30, 2001 and before July 1, 2011 contribute at 7.50% (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after July 1, 2002.

LOWER DAUPHIN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

10. Defined benefit pension plan (continued):

Member contributions:

Members who joined the System after June 30, 2011 and before July 1, 2019, automatically contribute at the Membership Class T-E rate of 7.50% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.30% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.50% and 9.50% and Membership Class T-F contribution rate to fluctuate between 10.30% and 12.30%.

Members who joined the System after June 30, 2019, automatically contribute at the Membership Class T-G rate of 5.50% (base rate) of the member's qualifying compensation. All new hires after June 30, 2019, who elect Class T-H membership, contribute at 4.50% (base rate) of the member's qualifying compensation. Membership Class T-G and Class T-H are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-G contribution rate to fluctuate between 5.50% and 8.50% and Membership Class T-H contribution rate to fluctuate between 4.50% and 7.50%.

Employer contribution:

The District's contractually required contribution rate for the fiscal year ended June 30, 2024 was 33.09% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School District were \$9,869,000 for the year ended June 30, 2024.

Pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions:

The District's net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the 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.

At June 30, 2024, the District reported a liability of \$82,033,000 for its proportionate share of the 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's total pension liability as of June 30, 2022 to June 30, 2023. There were no events during the period June 30, 2023 to June 30, 2024 that affect the measurement of the net pension liability results. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2023, the District's proportion was .1844%, which was a decrease of .0037% from its proportion measured as of June 30, 2022.

LOWER DAUPHIN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

10. Defined benefit pension plan (continued):

Pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions:

For the year ended June 30, 2024, the District recognized pension expense of \$6,926,000. 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
Changes in assumption	\$ 1,224,000	
Net difference between projected and actual earnings on pension plan investment	2,321,000	
Differences between expected and actual experience		\$ 1,104,000
Net changes in proportion		2,277,000
Net difference between District actual contributions and the calculated portion determined by PSERS		475,000
District contributions subsequent to the measurement date	9,869,000	
	\$ 13,414,000	\$ 3,856,000

For the year ended June 30, 2024, \$9,869,000 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the valuation year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Plan year ended June 30,	
2024	\$ (226,000)
2025	(2,654,000)
2026	1,906,000
2027	663,000
Total	\$ (311,000)

LOWER DAUPHIN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

10. Defined benefit pension plan (continued):

Pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions:

Actuarial assumptions:

The total pension liability as of June 30, 2023 was determined by rolling forward PSERS's total pension liability as of the June 30, 2022 actuarial valuation to June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method: Entry age normal - level percentage of pay

Investment return: 7.00%, includes inflation of 2.50%

Salary increases: Effective average of 4.50%, which reflects an allowance for inflation of 2.50%, real wage growth and merit or seniority increases of 2.00%

Mortality rates: Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study that was performed for the five-year period ended June 30, 2020.

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 plan.

LOWER DAUPHIN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

10. Defined benefit pension plan (continued):

Pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions:

The PSERS board adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2023 are as follows:

Asset class	Target allocation	Long-term expected real rate of return
Global public equity	30.0 %	5.2 %
Private equity	12.0	7.9
Fixed income	33.0	3.2
Commodities	7.5	2.7
Infrastructure/MLPs	10.0	5.4
Real estate	11.0	5.7
Absolute return	4.0	4.1
Cash	3.0	1.2
Leverage	(10.5)	1.2
	100.0 %	

Discount rate:

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

LOWER DAUPHIN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

10. Defined benefit pension plan (continued):

Pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions:

Sensitivity of the District's proportionate share:

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

	1% Decrease 6.00%	Current discount rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	\$ 106,337,000	\$ 82,033,000	\$ 61,527,000

Pension plan fiduciary net position:

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

11. Other postemployment benefits:

Postemployment benefits other than pension (OPEB):

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the OPEB fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. Benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

LOWER DAUPHIN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

11. Other postemployment benefits (continued):

Plan description:

The District offers postemployment dental, vision, life and health insurance benefits to employees upon their retirement with the same plan provisions provided to active employees. The following is a breakdown of eligibility requirements and coverage by group:

Administrators:

If hired on or before February 23, 1989, the member must have completed 30 years of PSERS service or have attained 55 years of age and completed 10 years of District service. If hired after February 23, 1989, the member must have completed 30 years of PSERS service and 20 years of District service or have attained 55 years of age and completed 10 years of District service. If the member reaches the eligibility requirements applicable to the member's date of hire, the District will pay the full cost of coverage for the member and spouse as elected in the final year of employment. The District also provides a term life insurance policy for the member with a face amount equal to 1.5 times the member's salary at retirement. Insurance coverage is provided until the member attains 65 years of age.

Teachers:

If retired on or after July 1, 2014, the member must meet the requirements of one of the following programs (these requirements are not applicable for members retired prior to July 1, 2014):

- a. Program One: Superannuation along with a minimum of 20 years of District service, or attain 55 years of age and 30 years of District service.
- b. Program Two: Attain 57 years of age, 20 years of District service and the sum of age and District service must be greater than or equal to 80 years.
- c. Act 110/43 (30 years of PSERS service or upon superannuation retirement).

For teachers retired before 2007, the District pays the full cost of coverage for the member, spouse and dependents as elected in the final year of employment, less any subsequent increases in premium, which are the member's responsibility.

For teachers retired before 1999, the District pays the full cost of coverage for the member, spouse and dependents as elected in the final year of employment.

For teachers retired in or after 2007 and before July 1, 2011, if the member retires under Program One, the District pays the cost of coverage for the member, spouse and dependents as elected in the final year of employment, less any subsequent increases in premium, which are the member's responsibility. If the member retires under Program Two, the District pays 75% of the cost of coverage for the member and spouse as elected in the final year of employment. The member is responsible for the remaining 25% of the cost, plus any subsequent increases in premium. If the member fails to retire under Program One or Program Two, but is eligible under Act 110/43, the member, spouse and dependents may continue coverage by paying the full premium.

LOWER DAUPHIN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

11. Other postemployment benefits (continued):

Plan description:

Teachers:

For teachers retired on or after July 1, 2011 and before July 1, 2014, if the member retires under Program One, the District pays the cost of coverage for the member as elected in the final year of employment, less any subsequent increases in premium, which are the member's responsibility for a maximum of seven years, at which point the member is removed from the plan. The District also pays 50% of the cost of coverage for the spouse and eligible dependents as elected in the final year of employment. The member is responsible for the remaining 50% of the cost, plus any subsequent increases in premiums. If the member retires under Program Two, the District pays 75% of the cost of coverage for the member as elected in the final year of employment. The member is responsible for the remaining 25% of the cost, plus any subsequent increases in premium for a maximum of seven years, at which point the member is removed from the plan. The spouse and dependents may continue coverage by paying the full premium. If the member fails to retire under Program One or Program Two, but is eligible under Act 110/43, the member, spouse and dependents may continue coverage by paying the full premium.

For teachers retired on or after July 1, 2014 and before July 1, 2018, if the member retires under Program One, the District pays the cost of coverage for the member as elected in the final year of employment, less any subsequent increases in premium, which are the member's responsibility for a maximum of seven years, at which point the member is removed from the plan. The spouse and dependents may continue coverage by paying the full premium. If the member retires under Program Two, the District pays 50% of the cost of coverage for the member as elected in the final year of employment. The member is responsible for the remaining 50% of the cost, plus any subsequent increases in premium for a maximum of seven years, at which point the member is removed from the plan. The spouse and dependents may continue coverage by paying the full premium. If the member fails to retire under Program One or Program Two, but is eligible under Act 110/43, the member, spouse and dependents may continue coverage by paying the full premium.

For teachers retired on or after July 1, 2018, if the member retires under Program One, the District pays 75% of the cost of coverage for the member as elected in the final year of employment, less any subsequent increases in premium, which are the member's responsibility for a maximum of seven years, at which point the member is removed from the plan. The spouse and dependents may continue coverage by paying the full premium. If the member retires under Program Two, the District pays 50% of the cost of coverage for the member as elected in the final year of employment. The member is responsible for the remaining 50% of the cost, plus any subsequent increases in premium for a maximum of five years, at which point the member is removed from the plan. The spouse and dependents may continue coverage by paying the full premium. If the member fails to retire under Program One or Program Two, but is eligible under Act 110/43, the member, spouse and dependents may continue coverage by paying the full premium.

The District also provides a term life insurance policy for the member with a face amount equal to \$50,000. Insurance coverage is provided until the member attains 65 years of age.

LOWER DAUPHIN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

11. Other postemployment benefits (continued):

Plan description:

Support staff:

Eligible members must have attained 51 years of age, completed 25 years of PSERS service and 20 years of District service or have attained 51 years of age and completed 10 years of District service.

For support staff members hired prior to July 1, 1997, if the member reaches 25 years of PSERS service and 20 years of District service, the District will contribute the cost of coverage for the member and spouse as elected in the final year of employment, less any subsequent increases in premium, which are the member's responsibility. If the member fails to reach 25 years of PSERS service and 20 years of District service at retirement, but reaches at least 10 years of District service, the member may continue coverage elected in the final year of employment by paying the full premium.

For support staff members hired on or after July 1, 1997, if the member reaches 25 years of PSERS service and 20 years of District service, the District will contribute the cost of coverage for the member as elected in the final year of employment, less any subsequent increases in premium, which are the member's responsibility. The member may continue coverage for spouse and dependents by paying the full premium for the coverage elected in the final year of employment. If the member fails to reach 25 years of PSERS service and 20 years of District service at retirement, but reaches at least 10 years of District service, the member may continue coverage elected in the final year of employment by paying the full premium.

The District also provides a term life insurance policy for the member with a face amount equal to \$30,000. Insurance coverage is provided until the member is eligible for Medicare.

Employees covered by benefit terms:

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

	Support staff	Administrators and teachers	Total
Inactive employees or beneficiaries currently receiving benefits	9	33	42
Active employees	131	320	451
Total	140	353	493

LOWER DAUPHIN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

11. Other postemployment benefits (continued):

Total OPEB liability and actuarial assumptions:

The District's total OPEB liability of \$10,692,747 was measured as of June 30, 2023 using the July 1, 2022 actuarial valuation. The following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate:	4.13% based on S&P Municipal Bond 20-Year High Grade Rate Index at July 1, 2023.
Salary increases:	2.50% cost of living adjustment, 1.5% real wage growth and merit increases which varies by age from 2.75% to 0%.
Healthcare cost trend rates:	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.
Retiree contributions:	Retiree contributions are assumed to increase at the same rate as the Healthcare Cost Trend Rate.
Mortality rates:	Mortality rates were based on the Scale MP-2021 scale to reflect mortality improvement.

Mortality rates are presumed preretirement and postretirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation.

Changes in the total OPEB Liability:

Balance at July 1, 2022	\$ 10,175,379
Changes for the year:	
Service cost	520,731
Interest	421,843
Changes in assumptions	139,481
Benefit payments	(564,687)
Net changes	517,368
Balance at June 30, 2023	\$ 10,692,747

LOWER DAUPHIN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

11. Other postemployment benefits (continued):

Changes in the total OPEB Liability:

Changes in assumptions reflect a change in the discount rate from 4.06% in 2022 to 4.13% in 2023. The trend assumptions for salary, mortality, withdrawal and retirement were updated based on the new PSERS assumptions.

Sensitivity of total OPEB liability to changes in the discount rate:

The following presents the total OPEB liability of the plan, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	<u>1% Decrease</u> 3.13%	<u>Current discount rate</u> 4.13%	<u>1% Increase</u> 5.13%
District's total OPEB liability	\$ 11,469,724	\$ 10,692,747	\$ 9,955,940

Sensitivity of total OPEB liability to changes in the healthcare cost trend rates:

The following presents the total OPEB liability of the plan, as well as what the plan's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	<u>1% Decrease</u> 3.13%	<u>Current trend rates</u> 4.13%	<u>1% Increase</u> 5.13%
District's total OPEB liability	\$ 9,604,338	\$ 10,692,747	\$ 11,971,254

LOWER DAUPHIN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

11. Other postemployment benefits (continued):

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB:

For the year ended June 30, 2024, the District recognized OPEB expense of \$621,552. At June 30, 2024, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Changes in assumption		\$ 1,435,622
Differences between expected and actual experience		1,921,007
District benefit payments subsequent to the measurement date	\$ 606,564	
	\$ 606,564	\$ 3,356,629

For the year ended June 30, 2024, \$606,564 was reported as deferred outflows of resources related to OPEB resulting from District benefit payments made subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability for the valuation year ended June 30, 2024. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Plan year ended June 30,	
2024	\$ (321,022)
2025	(321,022)
2026	(321,022)
2027	(321,022)
2028	(321,022)
thereafter	(1,751,519)
Total	\$ (3,356,629)

Health Insurance Premium Assistance Program (HIPAP):

For purposes of measuring the net HIPAP liability, deferred outflows of resources and deferred inflows of resources related to HIPAP and HIPAP 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.

LOWER DAUPHIN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

11. Other postemployment benefits (continued):

Health Insurance Premium Assistance Program (HIPAP):

PSERS provides Premium Assistance which, is a governmental cost-sharing, multiple-employer HIPAP for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program (HOP). As of June 30, 2023, there were no assumed future benefit increases to participating eligible retirees.

Premium assistance eligibility criteria:

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

- Have 24½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program.

Benefits provided:

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' HOP. As of June 30, 2023, there were no assumed future benefit increases to participating eligible retirees.

Employer contributions:

The District's contractually required contribution rate for the fiscal year ended June 30, 2024 was 0.64% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to HIPAP from the District were \$191,000 for the year ended June 30, 2024.

HIPAP liabilities, HIPAP expense and deferred outflows of resources and deferred inflows of resources related to HIPAP:

At June 30, 2024, the District reported a liability of \$3,329,000 for its proportionate share of the net HIPAP liability. The net HIPAP liability was measured as of June 30, 2023, and the total HIPAP liability used to calculate the net HIPAP liability was determined by rolling forward PSERS's total HIPAP liability as of June 30, 2022 to June 30, 2023. There were no events during the period June 30, 2023 to June 30, 2024 that affect the measurement of the net HIPAP liability results. The District's proportion of the net HIPAP liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2023, the District's proportion was .1840%, which was a decrease of .0038% from its proportion measured as of June 30, 2022.

LOWER DAUPHIN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

11. Other postemployment benefits (continued):

HIPAP liabilities, HIPAP expense and deferred outflows of resources and deferred inflows of resources related to HIPAP:

For the year ended June 30, 2024, the District recognized HIPAP expense of \$70,000. At June 30, 2024, the District reported deferred outflows of resources related to HIPAP from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Change in assumptions		\$ 342,000
Net difference between projected and actual investment earnings	\$ 8,000	
Differences between expected and actual experience		11,000
Changes in proportion		131,000
Net difference between District actual contributions and the calculated portion determined by PSERS		1,000
Contributions subsequent to the measurement date	191,000	
	\$ 199,000	\$ 485,000

Deferred outflows of resources related to HIPAP of \$191,000 were reported as resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net HIPAP liability for the valuation year ended June 30, 2024. Other amounts reported as deferred outflows of resources related to HIPAP will be recognized in HIPAP expense as follows:

Plan year ended June 30,	
2024	\$ (94,000)
2025	(110,000)
2026	(118,000)
2027	(136,000)
2028	(19,000)
Total	\$ (477,000)

LOWER DAUPHIN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

11. Other postemployment benefits (continued):

HIPAP liabilities, HIPAP expense and deferred outflows of resources and deferred inflows of resources related to HIPAP:

Actuarial assumptions:

The total HIPAP liability as of June 30, 2023, was determined by rolling forward PSERS's total HIPAP liability as of June 30, 2022 to June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method:	Entry age normal - level percentage of pay.
Investment return:	4.09% - S&P 20-Year Municipal Bond Rate.
Salary growth:	Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
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:	Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
Participation rate:	Eligible retirees will elect to participate pre age 65 at 50%. Eligible retirees will elect to participate post age 65 at 70%.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study that was performed for the five-year period ended June 30, 2020.

LOWER DAUPHIN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

11. Other postemployment benefits (continued):

HIPAP liabilities, HIPAP expense and deferred outflows of resources and deferred inflows of resources related to HIPAP:

Actuarial assumptions:

The following assumptions were used to determine the contribution rate:

Cost method:	Amount necessary to assure solvency of premium assistance through the third fiscal year after the valuation date.
Asset valuation method:	Market value.
Participation rate:	The actual data for retirees benefiting under HIPAP as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
Mortality rates:	Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

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

<u>HIPAP - Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
Cash	<u>100.0 %</u>	1.2 %

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2023.

LOWER DAUPHIN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

11. Other postemployment benefits (continued):

HIPAP liabilities, HIPAP expense and deferred outflows of resources and deferred inflows of resources related to HIPAP:

Discount rate:

The discount rate used to measure the total HIPAP liability was 4.09%. Under the HIPAP’s funding policy, contributions are structured for short-term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the HIPAP’s fiduciary net position was not projected to be sufficient to meet projected future benefit payments; therefore, HIPAP is considered a “pay-as-you-go” plan. A discount rate of 4.09%, which represents the S&P 20-year Municipal Bond Rate at June 30, 2023, was applied to all projected benefit payments to measure the total HIPAP liability.

Sensitivity of the District’s proportionate share of the net HIPAP liability to changes in healthcare cost trend rates:

Healthcare cost trends 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. As of June 30, 2024, 92,667 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2023, 522 members were receiving less than the maximum amount allowed of \$1,200 per year. 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 healthcare cost trends as depicted below.

The following presents the District’s proportionate share of the net HIPAP liability for June 30, 2023, calculated using current healthcare cost trends, as well as what the net HIPAP liability would be if healthcare cost trends were 1% lower or 1% higher than the current rate:

	1% Decrease	Current trend rates	1% Increase
	3.09%	4.09%	5.09%
District's proportionate share of net HIPAP liability	\$ 3,329,000	\$ 3,329,000	\$ 3,290,000

LOWER DAUPHIN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

11. Other postemployment benefits (continued):

HIPAP liabilities, HIPAP expense and deferred outflows of resources and deferred inflows of resources related to HIPAP:

Sensitivity of the District's proportionate share of the net HIPAP liability to changes in the discount rate:

The following presents the District's proportionate share of the net HIPAP liability, calculated using the discount rate of 4.09%, as well as what the net HIPAP liability would be if it were calculated using a discount rate that is 1% lower (3.09%) or 1% higher (5.09%) than the current rate:

	1% Decrease 3.09%	Current discount rate 4.09%	1% Increase 5.09%
District's proportionate share of the net HIPAP liability	\$ 3,764,000	\$ 3,329,000	\$ 2,965,000

HIPAP plan fiduciary net position:

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

12. Joint ventures:

Harrisburg Area Community College (HACC) provides two years of undergraduate education to students. Students residing in participating districts are required to only pay approximately a third of tuition costs, with the School District paying a third and the Commonwealth paying a third. In 2011, the District adopted a resolution to continue sponsorship of the HAAC program in a less burdensome and more predictable amount, which set the cost maximum at 70% of the total dollars paid. For the year ended June 30, 2024, the District paid HACC \$191,539 for tuition. The District had also paid HACC a capital outlay based on property value to be used for facility improvements through June 30, 2020. The capital outlay payment was eliminated from the agreement for 2020-2021 and 2021-2022. The District adopted a new resolution to continue sponsorship in March 2017, commencing with the start of the 2017-2018 fiscal year through the 2021-2022 fiscal year. In April 2022, the District adopted a new resolution to continue sponsorship through the 2026-2027 fiscal year. As part of continuing the sponsorship, the District has committed to tuition payments of \$191,539 during the year ended June 30, 2024 with the amount increasing 2.5% for the next three years.

The Dauphin County Technical School (DCTS) provides vocational education to students of participating districts. Tuition is paid to DCTS based on the number of students attending the school. The District is also responsible for its share of debt service for DCTS. During the year ended June 30, 2015, DCTS issued the Series of 2015 Bond for \$19,405,000, which refunded the Series of 2007 Bond, of which the District's share is approximately \$2,567,576. Approximately 28% of the principal and interest payments to be made by the District will be eligible for reimbursement from the Pennsylvania Department of Education. For the year ended June 30, 2024, the District paid to DCTS \$1,070,517 for tuition and \$220,138 for debt service. The District also received a refund from DCTS of \$7,721 due to a surplus from the year ended June 30, 2023 being distributed to participating districts.

LOWER DAUPHIN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

12. Joint ventures (continued):

Complete financial statements for each of the entities described above can be obtained from the administrative office of each.

The accompanying financial statements do not include the District's share of bonds payable for DCTS. Debt service requirements, including interest, on the DCTS bonds are as follows:

<u>Year ending June 30,</u>	<u>DCTS</u>
2025	\$ 232,140
2026	231,740
2027	232,193
2028	231,485
2029	231,721
2030-2031	<u>463,342</u>
	<u><u>\$ 1,622,621</u></u>

If DCTS ceases to be a going concern, the District could be obligated to satisfy its portion of the debt obligations. Concurrently, the allocable assets could be transferred to participating entities.

13. Participation in risk sharing pool:

Workers' compensation:

The District is a participant in a risk sharing pool to provide workers' compensation coverage. The expense for this coverage was \$99,504, comprised of a self-insured retention of \$33,761 and a contribution to the Central Fund of \$65,743. Actual claims during the year are paid out of the self-insured retention first. Claims that exceed the self-insured retention are satisfied by the Central Fund. The Central Fund maintains excess insurance to cover any claims that exceed \$500,000 per accident. There are approximately 75 districts participating in the pool. Each member owns a proportion of the pool based upon the funds deposited by each member over the preceding 12 months. If there is a deficiency in the pooled funds, each member is assessed an amount equal to their proportional share as described above. Upon withdrawal by an individual member from the pool, the terminating member has no rights to funds in the pool. As of June 30, 2024, the District is not aware of any additional assessments relating to the Central Fund.

LOWER DAUPHIN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

13. Participation in risk sharing pool (continued):

Medical:

The District maintains a self-insured medical benefit plan. Under this program, the District pays varying amounts of reasonable and customary healthcare expenses. For the year ended June 30, 2024, the District was limited in liability for claims to \$185,000 per individual. Actual claims paid for the year ended June 30, 2024 were \$8,406,311. The District estimates its unpaid claims based on estimates of the liabilities for claims incurred. Estimated claims for medical expenses incurred from July 1, 2023 to June 30, 2024, which were processed after June 30, 2024, totaled \$1,116,633 and have been reflected in accrued salaries and benefits. Changes in the School District's claims liability were as follows:

	<u>Beginning of year liability</u>	<u>Estimated claims</u>	<u>Claims paid</u>	<u>End of year liability</u>
2022-2023	\$ 802,707	\$ 8,187,792	\$ 7,940,661	\$ 1,049,838
2023-2024	1,049,838	8,473,106	8,406,311	1,116,633

Other risks:

The School District is exposed to various risks of loss related to theft and destruction of assets, errors and omissions, natural disasters and other potential risks of loss. The School District has generally purchased insurance to safeguard its assets from risk of loss. During the year ended June 30, 2024 and the two previous fiscal years, no settlements significantly exceeded insurance coverage.

14. Contingent liabilities:

The School District participates in federally assisted grant programs. These grant programs are subject to program compliance audits by the grantors or their representatives. The School District is potentially liable for any expenditure which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

LOWER DAUPHIN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

15. Fund balances:

At June 30, 2024, the School District has the following fund balances:

	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Total governmental funds</u>
Nonspendable, inventory	<u>\$ 30,000</u>		<u>\$ 30,000</u>
Restricted:			
Capital reserve		\$ 1,778,753	1,778,753
Capital contingency		<u>366,206</u>	<u>366,206</u>
		<u>2,144,959</u>	<u>2,144,959</u>
Committed:			
Buildings and grounds	2,000,000		2,000,000
Fuel, electricity and/or employee benefit increases	<u>5,600,000</u>		<u>5,600,000</u>
	<u>7,600,000</u>		<u>7,600,000</u>
Assigned:			
Projected operating deficit	4,677,583		4,677,583
Turf field	<u>42,900</u>		<u>42,900</u>
	<u>4,720,483</u>		<u>4,720,483</u>
Unassigned	<u>412,670</u>		<u>412,670</u>
	<u>\$ 12,763,153</u>	<u>\$ 2,144,959</u>	<u>\$ 14,908,112</u>

16. Commitments:

The District is party to an agreement with H.E. Rohrer, Inc. (Rohrer) for the transportation of students residing within the District whereby the District will pay Rohrer an amount each year calculated pursuant to the Commonwealth reimbursement formula for contractor-provided transportation. This agreement expires on June 30, 2029. For the year ended June 30, 2024, the District incurred expenditures of \$3,080,207 to Rohrer for transportation services.

17. Subsequent events:

The District has evaluated subsequent events through November 26, 2024, the date that the financial statements were available to be issued.

LOWER DAUPHIN SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 (Required supplementary information)
 (unaudited)
 FOR THE VALUATION YEARS ENDED JUNE 30
 (See independent auditor's report)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.1844%	0.1881%	0.1926%	0.1927%	0.1911%	0.1939%	0.1925%	0.1918%	0.1912%
District's proportionate share of the net pension liability	\$ 82,033,000	\$ 83,627,000	\$ 79,075,000	\$ 94,884,000	\$ 89,402,000	\$ 93,082,000	\$ 95,073,000	\$ 95,050,000	\$ 82,818,000
District's covered-employee payroll	\$ 28,189,760	\$ 27,613,743	\$ 27,262,253	\$ 27,017,556	\$ 26,353,067	\$ 26,106,739	\$ 25,622,816	\$ 24,837,335	\$ 24,595,060
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	291.00%	302.85%	290.05%	351.19%	339.25%	356.54%	371.05%	382.69%	336.73%
Plan fiduciary net position as a percentage of the total pension liability	61.85%	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%

This schedule is intended to illustrate information for ten years. However, until a full ten-year trend is compiled, the District is presenting information for those years only for which information is available.

LOWER DAUPHIN SCHOOL DISTRICT

SCHEDULE OF DISTRICT'S PENSION CONTRIBUTIONS
 (Required supplementary information)
 (unaudited)
 FOR THE VALUATION YEARS ENDED JUNE 30
 (See independent auditor's report)

	<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	\$ 9,657,478	\$ 9,374,537	\$ 9,152,660	\$ 9,003,487	\$ 8,558,000	\$ 8,228,000	\$ 7,363,000	\$ 6,102,000	\$ 4,937,000
Contributions in relation to the contractually required contribution	<u>9,090,000</u>	<u>9,419,000</u>	<u>9,180,000</u>	<u>9,023,000</u>	<u>8,572,000</u>	<u>8,244,000</u>	<u>7,415,000</u>	<u>6,141,000</u>	<u>4,976,000</u>
Contribution excess	<u>\$ 567,478</u>	<u>\$ (44,463)</u>	<u>\$ (27,340)</u>	<u>\$ (19,513)</u>	<u>\$ (14,000)</u>	<u>\$ (16,000)</u>	<u>\$ (52,000)</u>	<u>\$ (39,000)</u>	<u>\$ (39,000)</u>
District's covered payroll	\$ 28,189,760	\$ 27,613,743	\$ 27,262,253	\$ 27,017,556	\$ 26,353,067	\$ 26,106,739	\$ 25,622,816	\$ 24,837,335	\$ 24,595,060
Contributions as a percentage of covered-employee payroll	32.25%	34.11%	33.67%	33.40%	32.53%	31.58%	28.94%	24.72%	20.23%

This schedule is intended to illustrate information for ten years. However, until a full ten-year trend is compiled, the District is presenting information for those years only for which information is available.

LOWER DAUPHIN SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL
OPEB LIABILITY AND RELATED RATIOS
(Required supplementary information)
(unaudited)
FOR THE VALUATION YEARS ENDED JUNE 30
(See independent auditor's report)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total other postemployment benefit (OPEB) liability:							
Service cost	\$ 520,731	\$ 988,302	\$ 1,001,009	\$ 621,781	\$ 621,419	\$ 721,345	\$ 725,418
Interest	421,843	344,605	275,130	356,568	316,095	399,567	308,695
Change of benefit terms						(599,818)	
Difference between expected and actual experience		(2,532,626)		1,860,681		(1,980,046)	
Changes in assumptions	139,481	(2,538,776)	(443,133)	1,538,098	(292,837)	65,613	10,255
Benefit payments	<u>(564,687)</u>	<u>(462,711)</u>	<u>(539,747)</u>	<u>(620,048)</u>	<u>(663,839)</u>	<u>(666,836)</u>	<u>(678,103)</u>
Net changes in total OPEB liability	517,368	(4,201,206)	293,259	3,757,080	(19,162)	(2,060,175)	366,265
Total OPEB liability, beginning	<u>10,175,379</u>	<u>14,376,585</u>	<u>14,083,326</u>	<u>10,326,246</u>	<u>10,345,408</u>	<u>12,405,583</u>	<u>12,039,318</u>
Total OPEB liability, ending	<u>\$ 10,692,747</u>	<u>\$ 10,175,379</u>	<u>\$ 14,376,585</u>	<u>\$ 14,083,326</u>	<u>\$ 10,326,246</u>	<u>\$ 10,345,408</u>	<u>\$ 12,405,583</u>
Covered-employee payroll	\$ 25,736,668	\$ 25,736,668	\$ 26,207,679	\$ 26,207,679	\$ 24,066,245	\$ 24,066,245	\$ 23,262,911
Total OPEB liability as a percentage of covered-employee payroll	41.55%	39.54%	54.86%	53.74%	42.91%	42.99%	53.33%

This schedule is intended to illustrate information for ten years. However, until a full ten-year trend is compiled, the District is presenting information for those years only for which information is available.

Note to schedule:

Changes in assumptions:

The discount rate changed from 4.06% to 4.13%. The trend assumption was updated.

LOWER DAUPHIN SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB (HIPAP) LIABILITY
(Required supplementary information)
(unaudited)
FOR THE VALUATION YEARS ENDED JUNE 30
(See independent auditor's report)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB (HIPAP) liability	0.1840%	0.1878%	0.1923%	0.1925%	0.1911%	0.1939%	0.1925%
District's proportionate share of the net OPEB (HIPAP) liability	\$ 3,329,000	\$ 3,457,000	\$ 4,558,000	\$ 4,159,000	\$ 4,064,000	\$ 4,043,000	\$ 3,922,000
District's covered-employee payroll	\$ 28,189,760	\$ 27,613,743	\$ 27,262,253	\$ 27,017,556	\$ 26,353,067	\$ 26,106,739	\$ 25,622,816
District's proportionate share of the net OPEB (HIPAP) liability as a percentage of its covered-employee payroll	11.81%	12.52%	16.72%	15.39%	15.42%	15.49%	15.31%
Plan fiduciary net position as a percentage of the total OPEB (HIPAP) liability	7.22%	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%

This schedule is intended to illustrate information for ten years. However, until a full ten-year trend is compiled, the District is presenting information for those years only for which information is available.

LOWER DAUPHIN SCHOOL DISTRICT

SCHEDULE OF DISTRICT'S OPEB (HIPAP) CONTRIBUTIONS
 (Required supplementary information)
 (unaudited)
 FOR THE VALUATION YEARS ENDED JUNE 30
 (See independent auditor's report)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 210,000	\$ 219,000	\$ 224,000	\$ 227,000	\$ 219,000	\$ 217,000	\$ 213,000
Contributions in relation to the contractually required contribution	<u>212,000</u>	<u>221,000</u>	<u>224,000</u>	<u>227,000</u>	<u>219,000</u>	<u>217,000</u>	<u>213,000</u>
Contribution deficiency (excess)	<u>\$ (2,000)</u>	<u>\$ (2,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 28,189,760	\$ 27,613,743	\$ 27,262,253	\$ 27,017,556	\$ 26,353,067	\$ 26,106,739	\$ 25,622,816
Contributions as a percentage of covered-employee payroll	0.75%	0.80%	0.82%	0.84%	0.83%	0.83%	0.83%

This schedule is intended to illustrate information for ten years. However, until a full ten-year trend is compiled, the District is presenting information for those years only for which information is available.

LOWER DAUPHIN SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
 BUDGET AND ACTUAL – GENERAL FUND
 (Required supplementary information)
 (unaudited)
 YEAR ENDED JUNE 30, 2024
 (See independent auditor’s report)

	Budgeted amounts		Actual budgetary activities	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Local sources:				
Real estate taxes and penalties	\$ 32,615,950	\$ 32,615,950	\$ 34,014,204	\$ 1,398,254
Other taxes and penalties	9,047,925	9,047,925	9,107,126	59,201
Investment income	875,000	875,000	1,213,730	338,730
Rent	50,000	50,000	49,170	(830)
Other revenue	1,041,630	1,041,630	1,102,407	60,777
Total local sources	43,630,505	43,630,505	45,486,637	1,856,132
State sources	24,961,013	24,961,013	25,361,148	400,135
Federal sources	3,193,482	3,193,482	2,960,621	(232,861)
Total revenues	71,785,000	71,785,000	73,808,406	2,023,406
Expenditures:				
Instruction:				
Regular programs	28,894,247	28,894,247	28,848,476	45,771
Special programs	12,840,251	13,252,751	13,251,705	1,046
Vocational programs	2,995,041	3,023,641	3,018,383	5,258
Other instructional programs	1,246,930	1,246,930	1,191,703	55,227
Community/junior college programs	191,539	191,539	191,539	-
Pre-kindergarten	21,248	21,248	16,542	4,706
	46,189,256	46,630,356	46,518,348	112,008

LOWER DAUPHIN SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)

(Required supplementary information)

(unaudited)

YEAR ENDED JUNE 30, 2024

(See independent auditor's report)

	Budgeted amounts		Actual budgetary activities	Variance with final budget positive (negative)
	Original	Final		
Expenditures (continued):				
Support services:				
Pupil personnel services	\$ 2,928,379	\$ 2,928,379	\$ 2,793,604	\$ 134,775
Instructional staff services	3,627,913	3,569,713	3,257,082	312,631
Administrative services	4,546,882	4,546,882	4,410,750	136,132
Pupil health	879,140	879,140	859,543	19,597
Business services	732,482	732,482	685,478	47,004
Operation and maintenance of plant services	9,192,785	9,192,785	9,187,385	5,400
Student transportation services	3,446,766	3,446,766	3,401,943	44,823
Central	510,330	527,430	524,384	3,046
Other support services	40,706	40,706	38,888	1,818
	<u>25,905,383</u>	<u>25,864,283</u>	<u>25,159,057</u>	<u>705,226</u>
Operation of noninstructional services:				
Student activities	1,162,916	1,162,916	1,155,006	7,910
Community services	22,608	22,608	9,784	12,824
	<u>1,185,524</u>	<u>1,185,524</u>	<u>1,164,790</u>	<u>20,734</u>
Debt service	22,000	22,000	21,718	282
Total expenditures	<u>73,302,163</u>	<u>73,702,163</u>	<u>72,863,913</u>	<u>838,250</u>
Excess (deficiency) of revenues over expenditures	<u>(1,517,163)</u>	<u>(1,917,163)</u>	<u>944,493</u>	<u>2,861,656</u>

(continued)

LOWER DAUPHIN SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)

(Required supplementary information)
(unaudited)

YEAR ENDED JUNE 30, 2024
(See independent auditor's report)

	Budgeted amounts		Actual budgetary activities	Variance with final budget positive (negative)
	Original	Final		
Other financing uses:				
Interfund operating transfers out	\$ 3,507,837	\$ 3,507,837	\$ 3,496,165	\$ 11,672
Budgetary reserve	400,000			
Total other financing uses	3,907,837	3,507,837	3,496,165	11,672
Net change in fund balance	\$ (5,425,000)	\$ (5,425,000)	(2,551,672)	\$ 2,873,328
Fund balance:				
July 1, 2023			15,314,825	
June 30, 2024			\$ 12,763,153	

LOWER DAUPHIN SCHOOL DISTRICT

NOTES TO THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
(Required supplementary information)
(unaudited)
YEAR ENDED JUNE 30, 2024
(See independent auditor's report)

Budgetary data:

Lower Dauphin School District follows the following procedures in establishing the budgetary data reflected in the budget and actual statement:

1. Prior to May 31, management submits to the School Board a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the General Fund.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to June 30, the procedures require the budget to be legally enacted.
4. Legal budgetary control is maintained by the School Board at the departmental level. Transfers between departments, whether between funds or within a fund, or revisions that alter the total revenues and expenditures of any fund, must be approved by the board. Budgetary information is presented at or below the legal level of budgetary control. It also includes the effects of approved budget amendments.
5. Budgetary data is included in the District's management information system and is employed as a management control device during the year.
6. Unused appropriations lapse at the end of each fiscal year; however, the District increases the subsequent year's appropriation by an amount equal to outstanding encumbrances and reserves a portion of the fund balance in a like amount. There were no outstanding encumbrances at June 30, 2024.
7. The budget for the General Fund is adopted on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles for fund accounting except that a budgetary reserve is provided.

LOWER DAUPHIN SCHOOL DISTRICT

COMBINING BALANCE SHEET – ALL NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2024

(See independent auditor's report)

	<u>Capital reserve</u>	<u>Capital contingency</u>	<u>Total nonmajor funds</u>
Assets:			
Restricted:			
Cash	\$ 1,778,753	\$ 3,612	\$ 1,782,365
Investments		362,594	362,594
Total assets	<u>\$ 1,778,753</u>	<u>\$ 366,206</u>	<u>\$ 2,144,959</u>
Total fund balances, restricted	<u>\$ 1,778,753</u>	<u>\$ 366,206</u>	<u>\$ 2,144,959</u>

See notes to financial statements.

LOWER DAUPHIN SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – ALL NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024
(See independent auditor's report)

	<u>Capital reserve</u>	<u>Capital contingency</u>	<u>Total nonmajor funds</u>
Revenue, local sources, investment income	<u>\$ 33,260</u>	<u>\$ 18,692</u>	<u>\$ 51,952</u>
Net change in fund balances	33,260	18,692	51,952
Fund balances, restricted:			
Beginning	<u>1,745,493</u>	<u>347,514</u>	<u>2,093,007</u>
Ending	<u>\$ 1,778,753</u>	<u>\$ 366,206</u>	<u>\$ 2,144,959</u>

See notes to financial statements.

LOWER DAUPHIN SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024
(See independent auditor's report)

Federal grantor/ pass-through grantor/program title	Source code	Federal assistance listing number	Pass-through grantor's number	Grant period beginning/ ending date	Program or award amount	Total received (refunded) for the year	Accrued (unearned) revenue at July 1, 2023	Revenue recognized	Expenses incurred	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:	I	84.010	013-230231	07/21/22 - 09/30/23	\$ 486,315	\$ 64,832	\$ 64,832				
	I	84.010	013-240231	07/23/23 - 09/30/24	482,343			\$ 482,343	\$ 482,343	\$ 482,343	
Title II - Improving Teacher Quality	I	84.367	020-230231	07/21/22 - 09/30/23	88,183	18,305	18,305				
		84.367	020-240231	07/23/23 - 09/30/24	84,668			84,668	84,668	84,668	
Title IV - Student Support and Academic Enrichment:	I	84.424	144-230231	07/21/22 - 09/30/23	38,684	1,834	1,834				
		84.424	144-240231	07/23/23 - 09/30/24	38,072			38,072	38,072	38,072	
COVID-19 - Elementary and Secondary School Emergency Relief Fund:	I	84.425D	FA-200-20-0231	03/13/20 - 09/30/23	1,839,678	598,965	251,958	347,007	347,007		
	I	84.425U	FA-200-20-0231	03/13/20 - 09/30/23	3,721,136	1,962,053	71,395	1,958,314	1,958,314	67,656	
	I	84.425U	225-210231	03/13/20 - 09/30/24	289,217	10,517	(10,533)	21,050	21,050		
Total passed through the Pennsylvania Department of Education						<u>2,656,506</u>	<u>397,791</u>	<u>2,931,454</u>	<u>2,931,454</u>	<u>672,739</u>	
Passed through the Capital Area Intermediate Unit:											
Special Education Cluster:											
Special Education Grant to States - IDEA, Part B:	I	84.027	062-230015	07/01/22 - 06/30/23	713,233	362,496	362,496				
	I	84.027	062-240015	07/01/23 - 06/30/24	707,665			707,665	707,665	707,665	
Special Education Preschool Grants - IDEA, Preschool (619)	I	84.173	131-240015	07/01/23 - 06/30/24	5,900			5,900	5,900	5,900	
Special Education Preschool Grants - IDEA, ARP Supplemental	I	84.027X	H027X210093	07/01/21 - 09/30/23	175,817	64,481	36,520	27,961	27,961		
Total special education cluster passed through the Capital Area Intermediate Unit						<u>426,977</u>	<u>399,016</u>	<u>741,526</u>	<u>741,526</u>	<u>713,565</u>	
Total U.S. Department of Education						<u>3,083,483</u>	<u>796,807</u>	<u>3,672,980</u>	<u>3,672,980</u>	<u>1,386,304</u>	

LOWER DAUPHIN SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
 YEAR ENDED JUNE 30, 2024
 (See independent auditor's report)

Federal grantor/ pass-through grantor/program title	Source code	Federal assistance listing number	Pass-through grantor's number	Grant period beginning/ ending date	Program or award amount	Total received for the year	Accrued (unearned) revenue at July 1, 2023	Revenue recognized	Expenses incurred	Accrued (unearned) revenue at June 30, 2024	Passed through to subrecipients
U.S. Department of Health and Human Services:											
Passed through the Pennsylvania Department of Health and Human Services, Medicaid Cluster, ACCESS - Title XIV Medical Assistance:											
	I	93.778	N/A	07/01/22 - 06/30/23	\$ 8,869	\$ 1,887	\$ 1,887				
	I	93.778	N/A	07/01/23 - 06/30/24	2,599	1,672		\$ 2,599	\$ 2,599	\$ 927	
Total U.S. Department of Health and Human Services						3,559	1,887	2,599	2,599	927	
U.S. Department of Agriculture:											
Child Nutrition Cluster:											
Passed through the Pennsylvania Department of Education:											
National School Lunch Program:											
	I	10.555	N/A	07/01/22 - 06/30/23	N/A	18,932	18,932				
	I	10.555	N/A	07/01/23 - 06/30/24	N/A	548,219		640,521	640,521	92,302	
National School Lunch Program - Supply Chain Assistance											
	I	10.555	N/A	07/01/23 - 06/30/24	N/A	82,058		82,058	82,058		
Breakfast (REG/NDY):											
	I	10.553	N/A	07/01/22 - 06/30/23	N/A	4,634	4,634				
	I	10.553	N/A	07/01/23 - 06/30/24	N/A	113,631		134,262	134,262	20,631	
Total passed through the Pennsylvania Department of Education						767,474	23,566	856,841	856,841	112,933	
Passed through the Pennsylvania Department of Agriculture:											
National School Lunch Program											
	I	10.555	N/A	07/01/23 - 06/30/24	N/A	209,755 (b)	(2,741) (a)	199,163 (c)	199,163	(13,333) (d)	
Total Child Nutrition Cluster						977,229	20,825	1,056,004	1,056,004	99,600	
Passed through the Pennsylvania Department of Education:											
National School Lunch Program - Local Admin Funds											
	I	10.649	N/A	07/01/23 - 06/30/24	N/A	653		653	653		
Total U.S. Department of Agriculture						977,882	20,825	1,056,657	1,056,657	99,600	
Total expenditures of federal awards						\$ 4,064,924	\$ 819,519	\$ 4,732,236	\$ 4,732,236	\$ 1,486,831	

LOWER DAUPHIN SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
 YEAR ENDED JUNE 30, 2024
 (See independent auditor's report)

Source codes:

I = Indirect funding

84.425	Elementary and Secondary School Emergency Relief Fund:			
	84.425D Elementary and Secondary School Emergency Relief (ESSER)		\$	347,007
	84.425U American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)			<u>1,979,364</u>
	Total Elementary and Secondary School Emergency Relief Fund			<u>2,326,371</u>
	Total expenditures per above		<u>\$ 4,732,236</u>	= <u>49.16%</u> Programs meet the 20% requirement

Notes to schedule of expenditures of federal awards:

Note 1 Significant accounting policies:

The schedule of expenditures of federal awards presents the activity of all federal award programs for the District for the year ended June 30, 2024. 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 or changes in net position of the District.

The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 2 Food distribution:

- (a) Beginning inventory at July 1
- (b) Total amount of commodities received from the Department of Agriculture
- (c) Total amount of commodities used
- (d) Ending inventory at June 30

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

Independent Auditor's Report

Board of School Directors
Lower Dauphin School District
Hummelstown, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Lower Dauphin School District (the 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 November 26, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Brown Plus

Camp Hill, Pennsylvania
November 26, 2024

Report on Compliance for each
Major Federal Program and Report on Internal Control
Over Compliance in Accordance with the Uniform Guidance

Independent Auditor's Report

Board of School Directors
Lower Dauphin School District
Hummelstown, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lower Dauphin School District's (the 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 Lower Dauphin School District's major federal programs for the year ended June 30, 2024. Lower Dauphin School 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 Lower Dauphin School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*) and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the 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 Lower Dauphin School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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.

Brown Plus

Camp Hill, Pennsylvania
November 26, 2024

LOWER DAUPHIN SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

I. SUMMARY OF AUDITOR'S RESULTS:

Financial statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

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

Noncompliance material to financial statements noted? _____ yes X no

Federal awards

Internal control over major programs:

Material weakness(es) identified? _____ yes X no

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

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

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? _____ yes X no

Federal awards

Identification of major programs:

<u>Federal assistance listing numbers</u>	<u>Name of federal program or cluster</u>
84.425D	COVID – 19 - Elementary and Secondary School Emergency Relief Fund
84.425U	American Rescue Plan – Elementary and Secondary School Emergency Relief Fund

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

Auditee qualified as low-risk auditee? X yes _____ no

LOWER DAUPHIN SCHOOL DISTRICT

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024**

II. FINANCIAL STATEMENT FINDINGS:

None

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:

None

LOWER DAUPHIN SCHOOL DISTRICT

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2024**

There were no prior year audit findings.

APPENDIX E
Specimen Municipal Bond Insurance Policy

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MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No.: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY INC. ("AG"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AG, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AG shall have received Notice of Nonpayment, AG will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AG, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AG. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AG is incomplete, it shall be deemed not to have been received by AG for purposes of the preceding sentence and AG shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AG shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AG hereunder. Payment by AG to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AG under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AG shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AG which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AG may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AG pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AG and shall not be deemed received until received by both and (b) all payments required to be made by AG under this Policy may be made directly by AG or by the Insurer's Fiscal Agent on behalf of AG. The Insurer's Fiscal Agent is the agent of AG only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AG to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AG agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AG to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AG, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY INC.

By _____
Authorized Officer

1633 Broadway, New York, N.Y. 10019

(212) 974-0100

Form 500 (8/24)