

**The Board of Education of
Dorchester County**

AUDITED FINANCIAL STATEMENTS

For the year ended June 30, 2023

The Board of Education of Dorchester County

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INDEPENDENT AUDITORS' REPORT

The Board of Education of Dorchester County
Cambridge, Maryland

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of The Board of Education of Dorchester County, a component unit of Dorchester County, Maryland, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Board'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, and each major fund of The Board of Education of Dorchester County, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Board of Education of Dorchester County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended June 30, 2023, the Board adopted new accounting guidance from the Government Accounting Standards Board (GASB) Statement No. 96, "Subscription-Based Information Technology Arrangements". Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Board of Education of Dorchester County'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 Board of Education of Dorchester County'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, budgetary comparison information, schedule of proportionate share of net pension liability, schedule of board contributions - pension plans, and schedule of total OPEB liability and related ratios, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The Board of Education of Dorchester County's basic financial statements. The accompanying additional supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2023, on our consideration of The Board of Education of Dorchester County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Board of Education of Dorchester County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Board of Education of Dorchester County's internal control over financial reporting and compliance.

A handwritten signature in dark ink that reads "UHY LLP". The letters are stylized and cursive.

Salisbury, Maryland
September 25, 2023

**INDEPENDENT AUDITORS' 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**

The Board of Education of Dorchester County
Cambridge, Maryland

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of The Board of Education of Dorchester County, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise The Board of Education of Dorchester County's basic financial statements, and have issued our report thereon dated September 25, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Board of Education of Dorchester County'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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The logo for UHY LLP, featuring the letters 'UHY' in a large, stylized, cursive font, with 'LLP' in a smaller, sans-serif font to the right.

Salisbury, Maryland
September 25, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

THE BOARD OF EDUCATION OF DORCHESTER COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) FOR THE FISCAL YEAR ENDED JUNE 30, 2023

The discussion and analysis of The Board of Education of Dorchester County's (the "Board") financial performance provides an overall review of the Board's financial activities for the fiscal year ended June 30, 2023, and a comparison with the results of the fiscal year ended June 30, 2022. Please read this in conjunction with the Board's financial statements, notes to financial statements, and supplemental information, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The Board's net position is \$24,047,044 a decrease of \$712,510 or 2.9%, from the prior year. This is primarily due to a decrease in long-term liabilities – Other Post-Employment Benefits and Pensions. See Note 6 for further details.
- Among major funds (see page 18), the General Fund had \$95,205,583 in revenues and \$94,120,394 in expenditures. Additionally, \$1,107,200 of prior year fund balance was transferred from the General Fund to the School Construction Fund to mainly cover critical roofing, and HVAC projects. Along with proceeds from long-term leases, there was a resulting net increase in the General Fund fund balance of \$571,930.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Board's basic financial statements. The financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

A review of the Budgetary Comparison Schedule, which is a required supplemental report, is also included in this MD&A.

Government-wide Financial Statements The government-wide financial statements are designed to provide a broad overview of the Board's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the assets and liabilities of the Board, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Board is improving or deteriorating.

The Statement of Activities presents information showing how the net position of the Board changed during the most recent fiscal year. All changes in net position are reported utilizing the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

In the Statement of Net Position, and the Statement of Activities, the Board has two kinds of activities:

- Governmental Activities – basic services of a school system are reported such as instructional costs, special education, transportation, operation and maintenance of plant, and administration.
- Business-type Activities – our Food Services department, which charges a fee to its customers, is reported here.

The government-wide financial statements can be found on pages 15-16.

Fund Financial Statements A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Board, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. The Board's two types of funds – governmental and proprietary – use different accounting approaches.

- Governmental funds – Most of the Board's basic operations are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending in future periods. These funds are reported using 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 Board's general operations. The Board maintains three governmental funds – General Fund (which includes both unrestricted and restricted funding sources), School Construction, and School Activities.
- Proprietary Funds- When the Board charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities, but provide more detail and additional information, such as a Statement of Cash Flows. The Board's only proprietary fund is Food Services.

The fund financial statements can be found on pages 17-21.

Notes to the Financial Statements The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 22-47.

FINANCIAL ANALYSIS

The School System as a Whole

Table 1
Condensed Statement of Net Position

	<u>All Activities</u>		<u>Increase (Decrease) From FY 2022</u>
	<u>FY 2023</u>	<u>FY 2022</u>	
Assets			
Current and Other Assets	\$19,394,393	\$18,386,958	\$1,007,435
Capital Assets	<u>110,006,492</u>	<u>111,070,327</u>	<u>(1,063,835)</u>
Total Assets	<u>129,400,885</u>	<u>129,457,285</u>	<u>(56,400)</u>
Deferred Outflows of Resources	<u>12,957,019</u>	<u>14,929,262</u>	<u>(1,972,243)</u>
Liabilities			
Long-Term Liabilities	69,483,093	86,965,755	(17,482,662)
Other Liabilities	<u>9,187,034</u>	<u>8,131,429</u>	<u>1,055,605</u>
Total Liabilities	<u>78,670,127</u>	<u>95,097,184</u>	<u>(16,427,057)</u>
Deferred Inflows of Resources	<u>39,640,733</u>	<u>24,529,809</u>	<u>15,110,924</u>
Net Position			
Invested in Capital Assets, Net of Debt	106,472,111	107,680,449	(1,208,338)
Restricted	476,323	513,386	(37,063)
Unrestricted	<u>(82,901,390)</u>	<u>(83,434,281)</u>	<u>532,891</u>
Total Net Position	<u>\$24,047,044</u>	<u>\$24,759,554</u>	<u>(\$712,510)</u>

Net Position Table 1 provides a comparison of the Board's net position for FY 2023 and FY 2022. For all activities in FY 2023, the Board's assets exceeded its liabilities by \$24,047,044. This is a decrease of \$712,510 from FY2022. The unrestricted deficit (\$82,901,390) is due mainly to liabilities related to the recognition and reporting of Other Post-Employment Benefits (OPEB) as required by the Governmental Accounting Standards Board (GASB) pronouncement #75, and GASB 68 which requires the estimation of the long-term liability of future pension obligations. Further details can be found in Notes 6, 7 & 9.

The largest portion of the Board's net position, \$106,472,111 reflects its investment in capital assets (e.g., buildings and improvements, furniture and equipment, and leased equipment). The Board uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

The remaining net position consists of restricted school activity funds totaling \$476,323 and an unrestricted deficit balance of \$82,901,390.

Table 2
Statement of Activities

	<u>All Activities</u>		Increase (Decrease) From FY 2022
	<u>FY 2023</u>	<u>FY 2022</u>	
Revenues			
Program Revenues:			
Charges for Services	\$4,927,492	\$4,849,698	\$77,794
Operating Grants and Contributions	18,457,805	20,516,286	(2,058,481)
General Revenues:			
Dorchester County			
General Fund	20,937,715	20,812,142	125,573
School Construction	-	602,026	(602,026)
State of Maryland			
General Fund	53,757,716	47,359,399	6,398,317
School Construction	3,948,188	3,052,384	895,804
Interest	460,932	12,888	448,044
Other	596,549	542,572	53,977
Total Revenues	<u>103,086,397</u>	<u>97,747,395</u>	<u>5,339,002</u>
Governmental Activity Expenses			
Administration	2,068,998	1,835,572	233,426
School Management & Support Instruction	6,853,405	6,697,354	156,051
Salaries	32,392,402	29,325,509	3,066,893
Textbooks & Supplies	2,996,942	4,717,314	(1,720,372)
Other	9,178,141	9,041,811	136,330
Special Education	7,061,985	7,650,718	(588,733)
Student Personnel Services	3,692,591	2,869,746	822,845
Student Health Services	894,390	785,272	109,118
Student Transportation	4,904,102	4,813,966	90,136
Operation of Plant	4,975,262	4,707,202	268,060
Maintenance of Plant	2,282,714	2,122,579	160,135
Fixed Charges	17,497,628	18,675,895	(1,178,267)
School Activity Expenses	1,037,356	876,703	160,653
State Retirement Contributions	3,592,505	3,868,502	(275,997)
Capital Outlay	236,014	690,989	(454,975)
Business-Type Activities			
Food Services Expenses	4,134,472	3,113,776	1,020,696
Total Expenses	<u>103,798,907</u>	<u>101,792,908</u>	<u>2,005,999</u>
Change in Net Position	<u>(\$712,510)</u>	<u>(\$4,045,513)</u>	<u>\$3,333,003</u>

Changes in Net Position Table 2 (page 9) shows the key elements for the decrease of the Board's net position for the year ended June 30, 2023. The results of fiscal year 2022 are shown as a comparison. Total Revenues were \$103,086,397 an increase of \$5,339,002 over FY 2022. Total expenses were \$103,798,907 an increase of \$2,005,999 over FY 2022. Though revenues decreased in Operating Grants, this was offset by a 13.5% increase in State Aid. Expenses increased mainly in instructional salaries, and student personnel services. Both income and expenses were impacted by the further implementation of the Blueprint legislation, and inflationary cost pressures.

The Board's expenses are primarily related to instructing, caring for (food and health), and transporting students. As shown in Table 2, regular education instructional salaries, textbooks & supplies, and other instructional charges total \$44,567,485 an increase of \$1,482,851 over FY 2022. Special Education costs total \$7,061,985, a decrease of \$588,733 over FY 2022. Student Transportation costs total \$4,904,102, an increase of \$90,136 from FY 2022. Operation and Maintenance of Plant costs total \$7,257,976 an increase of \$428,195 from FY 2022.

The Board's Funds

Table 3
Statement of Expenditures – Governmental Funds
(General, School Construction, & School Activities)

	<u>Total Cost</u>		<u>Increase (Decrease) From FY 2022</u>
	<u>FY 2023</u>	<u>FY 2022</u>	
Administration	\$2,103,163	\$1,865,861	\$237,302
School Management & Support	6,853,405	6,697,354	156,051
Instruction:			
Salaries & Wages	32,300,541	29,227,933	3,072,608
Textbooks & Supplies	2,996,942	4,717,314	(1,720,372)
Other	3,142,576	2,898,666	243,910
Special Education	7,061,985	7,650,718	(588,733)
Pupil Personnel Services	3,692,591	2,869,746	822,845
Health Services	894,390	785,272	109,118
Pupil Transportation	4,801,138	4,705,254	95,884
Operation of Plant	4,975,262	4,707,202	268,060
Maintenance of Plant	2,242,666	2,082,531	160,135
Fixed Charges	21,679,236	20,362,599	1,316,637
School Activity Expenditures	1,037,356	876,703	160,653
Capital Outlay	<u>5,825,735</u>	<u>4,156,958</u>	<u>1,668,777</u>
Total Cost of Services	<u>\$99,606,986</u>	<u>\$93,604,111</u>	<u>\$6,002,875</u>

As noted earlier, the Board uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Board's financing requirements. Fund balance in the Governmental Funds is divided between assigned balances and unassigned balances. Unassigned balances in the general fund are required by state law to be appropriated in the following year's budget. Assigned balances of capital projects, school activities, and other governmental funds are restricted by state law to be spent for the purpose of the fund and are not available for spending at the Board's discretion.

The Board's three Governmental Funds are the General Fund, the School Construction Fund, and the School Activities Fund. Table 3 (see page 10) presents the cost of 14 major school system functions within these Governmental Funds: Administration, School Management & Support, Instruction (comprised of Salaries, Textbooks and Supplies, and Other Costs), Special Education, Pupil Personnel Services, Health Services, Pupil Transportation, Operation of Plant, Maintenance of Plant, Fixed Charges, School Activity Expenditures, and Capital Outlay.

The *General Fund* is the chief operating fund of the Board. It includes both unrestricted and restricted funding sources. Restricted funding sources are generally in the form of federal and state grants. On page 18 the Statement of Revenues, Expenditures and Changes in Fund Balances reflects a total fund balance of \$7,187,484 at the end of fiscal year 2023. The total fund balance on June 30, 2022 was \$6,615,554. The increase of \$571,930 is a result of savings due to unfilled staff vacancies, offset by the interfund transfer to the Capital Fund to address critical capital maintenance projects.

Of the \$7,187,484 fund balance, \$158,360 is assigned for FY2023 encumbrances, \$260,594 is assigned for accrued leave, \$1,285,025 for the FY 2024 operating budget, \$1,910,025 for the future operating budgets, \$1,155,463 for FY 2024 and FY 2025 capital construction/maintenance projects, and \$2,418,017 for Contract Obligations.

General Fund salaries totaled \$50,250,677 while the associated fringe benefits of retirement, social security, unemployment, commercial insurance, and health and accident insurance added \$21,679,236 to arrive at 72% of total General Fund expenditures.

Proprietary Funds Proprietary funds focus on the determination of changes in net position and cash flows. The Board's sole proprietary fund is the Food Service Fund. The Food Service net position balance on June 30, 2022 was \$1,721,770. It decreased by \$207,273 to \$1,514,497 on June 30, 2023. This decrease was a conscious effort to purchase new equipment, replacing original equipment that was no longer up to current standards for safe food handling.

Table 4
Original Budget, Final Budget, and Actual Results
General Fund
FY 2023

	<u>Budgeted Amounts</u>		<u>Actual Results</u>	Variance With Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Revenues				
County Appropriations	\$20,937,715	\$20,937,715	\$20,937,715	\$0
State of Maryland	49,640,753	53,757,716	53,757,716	0
Other Sources	501,076	501,076	1,057,482	556,406
Restricted Revenues	9,286,489	9,286,489	15,860,165	6,573,676
Fund Balance Appropriated	1,593,879	1,593,879	(1,107,200)	(2,701,079)
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Total Revenues	81,959,912	86,076,875	90,505,878	4,429,003
Governmental Activity Expenses				
Administration	1,940,865	2,115,865	2,089,415	26,450
School Management & Support	6,494,996	6,659,996	6,633,817	26,179
Instruction				
Salaries	26,406,262	26,364,265	25,990,230	374,035
Textbooks & Supplies	1,279,049	1,545,283	1,516,495	28,788
Other	1,286,817	1,404,472	1,239,818	164,654
Special Education	6,553,609	6,553,609	5,056,345	1,497,264
Student Personnel Services	931,892	3,341,257	3,262,428	78,829
Health Services	877,946	902,946	894,390	8,556
Student Transportation	4,490,551	4,625,551	4,603,004	22,547
Operation of Plant	3,974,310	4,474,310	4,459,731	14,579
Maintenance of Plant	1,800,412	2,250,412	2,197,421	52,991
Fixed Charges	16,518,044	16,168,750	15,896,333	272,417
Capital Outlay	118,670	383,670	381,633	2,037
Restricted Expenditures	9,286,489	9,286,489	15,860,165	(6,573,676)
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Total Expenses	81,959,912	86,076,875	90,081,225	(4,004,350)
	<hr/>	<hr/>	<hr/>	<hr/>
Net Change in Fund Balance	\$0	\$0	\$ 424,653	\$ 424,653

General Fund Budgetary Highlights

The General Fund operates under a legally adopted annual budget. The budget is subdivided into State mandated categories of expenditures including Administration, School Management & Support, Instructional Salaries, Instructional Supplies and Textbooks, Other Instructional Costs, Special Education, Student Personnel Services, Student Health Services, Student Transportation, Operation of Plant, Maintenance of Plant, Fixed Charges, and Capital Outlay. The legal level of budgetary control is at the category level. The Board may approve amendments to the budget recommended by the Board's administration by transferring funds within categories, but transfers between categories must also be approved by the County Council.

For fiscal year 2023 the Board presented, and the County Council approved, two budget amendment/transfer requests.

The first budget amendment was to recognize Blueprint funds being recategorized from restricted grants to unrestricted General Fund. The related revenues and expenses were added to our original General Fund budget.

The second budget amendment transferred funds from the Instructional Salaries, Student Personnel Services, and Fixed Charges categories to the Administration, Mid-Level Administration, Textbooks & Instructional Supplies, Student Health Services, Student Transportation, Operation of Plant, and Maintenance of Plant categories. Savings in unfilled vacancies were used to cover the payment of mid-year raises for all employees, and to address higher prices due to inflationary pressures.

As shown in Table 4, during the fiscal year actual revenues and actual expenses resulted in an increase in fund balance of \$424,653.

Capital Assets

The School Construction Fund is used to account for the costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students within the County.

At the end of fiscal year 2023, the Board had \$110,006,492 invested in land, buildings, furniture and equipment, vehicles, and leased equipment. Table 5 gives the breakdown by asset type, net of accumulated depreciation and amortization.

Table 5
Capital Assets
(Net of Depreciation and Amortization)
FY 2023

Construction in Progress	\$ 4,874,170
Buildings and Improvements	99,442,056
Furniture and Equipment	4,607,019
Vehicles	297,186
Leased Equipment	693,823
Food Services Equipment and Vehicles	<u>92,238</u>
Total Capital Assets	\$ <u>110,006,492</u>

The Capital Improvement Budget for FY 2024 will utilize State funding, County funding, prior year fund balance, and specialized grants to complete the following capital projects:

- HVAC, electrical, plumbing, and roof renovation at South Dorchester PreK-8 school
- Security vestibules in three elementary schools
- Capital maintenance equipment replacements and facility repairs

FACTORS BEARING ON THE BOARD'S FUTURE

At the time these financial statements were prepared and audited, the Board was aware of the following factors that could significantly affect its financial condition in the future:

- The COVID-19 pandemic forced the closure of school buildings for the entire 2020-2021 school year. The 2021-2022 school year saw a complete return to in-person instruction. However, effects of the pandemic are still being felt in the way of significant staff vacancies, supply chain shortages, and inflationary cost pressures. Expenses are being affected in both negative and positive ways. The uncertainty of the effects of the pandemic will continue into the foreseeable future.
- The Maryland Commission on Innovation and Excellence in Education, known as the Kirwan Commission, was tasked with updating the State's school funding formula. Based on Commission recommendations, Senate Bill 1030 established The Blueprint for Maryland's Future as current State education policy. The effects on the use of education funding are in constant flux as the law is being interpreted and implemented. It is unclear if the funding will be adequate to cover the change in mandated delivery of public education.
- Funding other post-retirement benefits (OPEB) in accordance with GASB 75 remains a concern. GASB 75 is an accounting standard for all governmental agencies which addresses post-employment benefits, other than pensions, such as health care. Under GASB 75 the District must recognize the present cost and liability of future health care that has been earned by current and retired employees. There is no requirement to fund this obligation, however, it does become a liability against the Board's assets as reported in the Government-wide Statement of Net Position. Currently, health care expenses for retirees and active employees are expensed when paid. This practice is expected to continue especially with the economic conditions our funding entities face at this time. Whether or not this liability is funded in the future may affect our budget, and the bond rating of county and state governments. See Notes 2-K, 6, and 9 for detailed information on the impact of implementing GASB 75.
- During FY 2015 the Board implemented provisions of GASB 68, Accounting and Financial Reporting for Pensions. GASB 68 requires the Board to report their proportionate share of the Maryland State Retirement and Pension System's net pension liability. The Board's proportionate share is calculated by the System's actuary and is reported as a liability on the Board's Government-wide Statement of Net Position. Currently, pension costs for retirees and active employees are expensed when paid. See Notes 2-K, 6, and 7 for detailed information on the impact of implementing GASB 68.

Contacting the Board's Financial Management

This financial report is designed to provide a general overview of the finances of the Board of Education of Dorchester County, and to demonstrate the Board's accountability for the resources it receives. If you have any questions about this report or need additional financial information, contact the Superintendent's Office, Dorchester County Public Schools, 700 Glasgow Street, Cambridge, MD 21613

FINANCIAL STATEMENTS

The Board of Education of Dorchester County
STATEMENT OF NET POSITION
June 30, 2023

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash and investments	\$ 13,204,984	\$ 7,025	\$ 13,212,009
Accounts receivable:			
Federal funds from State of Maryland	4,641,007	97,320	4,738,327
State of Maryland	543,553	15,468	559,021
Other	826,244	-	826,244
Internal balances	(1,374,571)	1,374,571	-
Inventory	-	58,792	58,792
Construction in progress	4,874,170	-	4,874,170
Other capital assets, net	105,040,084	92,238	105,132,322
TOTAL ASSETS	127,755,471	1,645,414	129,400,885
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	1,040,904	-	1,040,904
Other post-employment benefits (OPEB)	11,916,115	-	11,916,115
TOTAL DEFERRED OUTFLOWS OF RESOURCES	12,957,019	-	12,957,019
LIABILITIES			
Accounts payable:			
Vendors	1,024,520	97,343	1,121,863
Accrued payroll and other employee withholdings	2,709,792	-	2,709,792
Unearned revenue - federal and state	3,479,858	-	3,479,858
Unearned revenue - other	23,194	19,859	43,053
Other accrued expenses	1,832,468	-	1,832,468
Long-term liabilities:			
Due within one year	553,883	-	553,883
Due in more than one year	68,915,495	13,715	68,929,210
TOTAL LIABILITIES	78,539,210	130,917	78,670,127
DEFERRED INFLOWS OF RESOURCES			
Pensions	587,673	-	587,673
Other post-employment benefits (OPEB)	39,053,060	-	39,053,060
TOTAL DEFERRED INFLOWS OF RESOURCES	39,640,733	-	39,640,733
NET POSITION			
Net investment in capital assets	106,379,873	92,238	106,472,111
Restricted for:			
Other purposes (school activity funds)	476,323	-	476,323
Unrestricted (deficit)	(84,323,649)	1,422,259	(82,901,390)
TOTAL NET POSITION	\$ 22,532,547	\$ 1,514,497	\$ 24,047,044

The Board of Education of Dorchester County
STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

		Program Revenues			Net (Expenses) Revenue and changes in Net Position		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities							
Current:							
Administration	\$ 2,068,998	\$ -	\$ 15,805	\$ -	\$ (2,053,193)	\$ -	\$ (2,053,193)
School management and support	6,853,405	-	213,587	-	(6,639,818)	-	(6,639,818)
Instructional salaries and wages	32,392,402	-	6,310,311	-	(26,082,091)	-	(26,082,091)
Textbooks and instructional supplies	2,996,942	-	1,538,866	-	(1,458,076)	-	(1,458,076)
Other instructional costs	9,178,141	-	1,321,118	-	(7,857,023)	-	(7,857,023)
Special education	7,061,985	-	2,005,640	-	(5,056,345)	-	(5,056,345)
Pupil personnel services	3,692,591	-	430,163	-	(3,262,428)	-	(3,262,428)
Health services	894,390	-	-	-	(894,390)	-	(894,390)
Pupil transportation	4,904,102	-	198,135	-	(4,705,967)	-	(4,705,967)
Operation of plant	4,975,262	-	542,001	-	(4,433,261)	-	(4,433,261)
Maintenance of plant	2,282,714	-	99,276	-	(2,183,438)	-	(2,183,438)
Fixed charges	17,497,628	-	2,190,398	-	(15,307,230)	-	(15,307,230)
School activity expenditures	1,037,356	1,000,293	-	-	(37,063)	-	(37,063)
On-behalf State Retirement contributions	3,592,505	-	3,592,505	-	-	-	-
Capital outlay	236,014	-	-	3,948,188	3,712,174	-	3,712,174
Total Governmental Activities	99,664,435	1,000,293	18,457,805	3,948,188	(76,258,149)	-	(76,258,149)
Business-Type Activities							
Food Services	4,134,472	3,927,199	-	-	-	(207,273)	(207,273)
Total Business-Type Activities	4,134,472	3,927,199	-	-	-	(207,273)	(207,273)
Totals	\$ 103,798,907	\$ 4,927,492	\$ 18,457,805	\$ 3,948,188	(76,258,149)	(207,273)	(76,465,422)
General Revenues							
Dorchester County					20,937,715	-	20,937,715
State of Maryland					53,757,716	-	53,757,716
Investment earnings					460,932	-	460,932
Miscellaneous					596,549	-	596,549
Total General Revenues					75,752,912	-	75,752,912
Change in Net Position					(505,237)	(207,273)	(712,510)
Net Position Beginning of Year					23,037,784	1,721,770	24,759,554
Net Position End of Year					\$ 22,532,547	\$ 1,514,497	\$ 24,047,044

The Board of Education of Dorchester County

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2023

	GENERAL FUND	SCHOOL CONSTRUCTION	SCHOOL ACTIVITIES	Total Governmental Funds
ASSETS				
Cash and investments	\$12,728,661	\$ -	\$ 476,323	\$ 13,204,984
Accounts receivable:				
Federal funds from State of Maryland	4,641,007	-	-	4,641,007
State of Maryland	505,175	38,378	-	543,553
Other	826,244	-	-	826,244
Due from other Board of Education funds	-	1,146,058	-	1,146,058
TOTAL ASSETS	\$18,701,087	\$ 1,184,436	\$ 476,323	\$ 20,361,846
LIABILITIES AND FUND BALANCES				
Accounts payable:				
Vendors	\$ 977,798	\$ 46,722	\$ -	\$ 1,024,520
Due to other Board of Education funds	2,520,629	-	-	2,520,629
Accrued payroll and other employee withholdings	2,709,792	-	-	2,709,792
Unearned federal and state funds	3,449,722	30,136	-	3,479,858
Other unearned revenues	23,194	-	-	23,194
Other accrued expenses	1,832,468	-	-	1,832,468
TOTAL LIABILITIES	11,513,603	76,858	-	11,590,461
COMMITMENTS AND CONTINGENCIES				
FUND BALANCES				
Assigned to:				
Accrued leave reserve	260,594	-	-	260,594
School construction and capital maintenance projects	1,055,463	1,107,578	-	2,163,041
School activities	-	-	476,323	476,323
Subsequent year's budget	1,285,025	-	-	1,285,025
Capital maintenance	100,000	-	-	100,000
Other purposes (encumbrances)	158,360	-	-	158,360
Contract obligations	2,418,017	-	-	2,418,017
Future year's budget	625,000	-	-	625,000
Unassigned	1,285,025	-	-	1,285,025
Total fund balances	7,187,484	1,107,578	476,323	8,771,385
TOTAL LIABILITIES AND FUND BALANCES	\$18,701,087	\$ 1,184,436	\$ 476,323	\$ 20,361,846

See Independent Auditors' Report and Notes to Financial Statements.

Total Governmental Funds Balances		\$ 8,771,385
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**Amounts reported for governmental activities
in the statement of net position are different because:**

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund financial statements		109,914,254
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Deferred outflows of resources not reported in the fund financial statements

Pension	1,040,904	
Other post-employment benefits	<u>11,916,115</u>	
		12,957,019

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds

Financed purchases	(2,837,548)	
Long-term leases	(696,833)	
Accrued leave	(1,419,400)	
Pension liability, net	(3,876,572)	
Other post-employment benefits, net	<u>(60,639,025)</u>	
		(69,469,378)

Deferred inflows of resources not reported in the fund financial statements

Pension	(587,673)	
Other post-employment benefits	<u>(39,053,060)</u>	
		<u>(39,640,733)</u>

Net Position of Governmental Activities		<u><u>\$ 22,532,547</u></u>
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The Board of Education of Dorchester County
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2023

	GENERAL FUND	SCHOOL CONSTRUCTION	SCHOOL ACTIVITIES	Total Governmental Funds
REVENUES				
County Appropriation	\$ 20,937,715	\$ -	\$ -	\$ 20,937,715
State of Maryland	53,757,716	54,912	-	53,812,628
On behalf State of Maryland	-	2,898,410	-	2,898,410
Restricted Federal revenues	14,322,761	-	-	14,322,761
Restricted State revenues	1,427,972	-	-	1,427,972
Restricted County, Agency and Local revenues	109,432	-	-	109,432
On-behalf State Retirement contributions	3,592,505	-	-	3,592,505
Other sources	1,057,482	-	-	1,057,482
School activity revenues	-	-	1,000,293	1,000,293
TOTAL REVENUES	95,205,583	2,953,322	1,000,293	99,159,198
EXPENDITURES				
Current:				
Administration	2,103,163	-	-	2,103,163
School management and support	6,853,405	-	-	6,853,405
Instructional salaries and wages	32,300,541	-	-	32,300,541
Textbooks and instructional supplies	2,996,942	-	-	2,996,942
Other instructional costs	3,142,576	-	-	3,142,576
Special education	7,061,985	-	-	7,061,985
Pupil personnel services	3,692,591	-	-	3,692,591
Health services	894,390	-	-	894,390
Pupil transportation	4,801,138	-	-	4,801,138
Operation of plant	4,975,262	-	-	4,975,262
Maintenance of plant	2,242,666	-	-	2,242,666
Fixed charges	18,086,731	-	-	18,086,731
School activity expenditures	-	-	1,037,356	1,037,356
On-behalf State Retirement contributions	3,592,505	-	-	3,592,505
Capital outlay	1,376,499	4,449,236	-	5,825,735
TOTAL EXPENDITURES	94,120,394	4,449,236	1,037,356	99,606,986
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)				
	1,085,189	(1,495,914)	(37,063)	(447,788)
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term leases	593,941	-	-	593,941
Interfund transfers - school construction fund	(1,107,200)	1,107,200	-	-
Net change in fund balances	571,930	(388,714)	(37,063)	146,153
Fund balances, beginning	6,615,554	1,496,292	513,386	8,625,232
Fund balances, ending	\$ 7,187,484	\$ 1,107,578	\$ 476,323	\$ 8,771,385

See Independent Auditors' Report and Notes to Financial Statements.

Net change in fund balances-total Governmental Funds

\$ 146,153

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Fixed asset additions	5,589,721	
Current year depreciation	<u>(6,643,850)</u>	
Total		(1,054,129)

Proceeds from long-term leases are revenues in the governmental funds but increases in liabilities in the statement of net position. (593,941)

Some expenses reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Accrued leave, net	(91,861)	
Accrued severance, net	50,000	
Change in pension expense due to deferred financing outflow	(137,473)	
Change in pension expense due to net pension liability	(736,321)	
Change in pension expense due to deferred financing inflows	1,154,413	
Change in post-employment benefits expense due to deferred financing outflow	(1,834,770)	
Change in post-employment benefits expense due to net OPEB liability	18,408,591	
Change in post-employment benefits expense due to deferred financing inflow	<u>(16,265,337)</u>	
Total		547,242

Repayment of financed purchases and long-term leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Financed purchases	275,726	
Long-term leases	<u>173,712</u>	
Total		<u>449,438</u>

Change in net position of Governmental Activities \$ (505,237)

The Board of Education of Dorchester County
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2023

	<u>Business-Type Activities</u>
	<u>Food Service</u>
ASSETS	
Current assets:	
Cash	
Accounts receivable:	\$ 7,025
Federal funds from State of Maryland	97,320
State funds	15,468
Inventory	58,792
Due from other Board of Education funds	<u>1,374,571</u>
Total current assets	<u>1,553,176</u>
Capital assets, net	<u>92,238</u>
TOTAL ASSETS	<u>1,645,414</u>
LIABILITIES	
Current liabilities:	
Accounts payable	97,343
Unearned revenue	19,859
Accrued leave	<u>13,715</u>
TOTAL LIABILITIES	<u>130,917</u>
COMMITMENTS AND CONTINGENCIES	
NET POSITION	
Net investment in capital assets	92,238
Unrestricted	<u>1,422,259</u>
TOTAL NET POSITION	<u><u>\$ 1,514,497</u></u>

The Board of Education of Dorchester County
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
Year Ended June 30, 2023

	<u>Business-Type Activities</u>
	<u>Food Service</u>
OPERATING REVENUES	
Sale of meals	\$ 169,023
Federal assistance	3,421,581
State assistance	62,282
USDA donated commodities	271,367
Vendor rebates	2,946
TOTAL OPERATING REVENUES	<u>3,927,199</u>
OPERATING EXPENSES	
Food	1,233,010
Salaries and wages	1,220,237
Fixed charges	634,321
Contracted services	98,114
Supplies and materials	159,471
Other charges	3,887
USDA donated commodities	271,367
Depreciation	9,706
Additional equipment	504,359
TOTAL OPERATING EXPENSES	<u>4,134,472</u>
OPERATING INCOME	(207,273)
NON-OPERATING INCOME	
Other	<u>-</u>
Change in net position	(207,273)
Net position beginning of year	<u>1,721,770</u>
Net position end of year	<u><u>\$ 1,514,497</u></u>

The Board of Education of Dorchester County
STATEMENT OF CASH FLOWS
FOOD SERVICE FUND
Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from students	\$ 169,915
Operating grants received	4,614,480
Payments to food and related suppliers	(1,254,264)
Payments to other suppliers	(739,041)
Payments to employees and employee related benefits	(1,851,313)
Net cash used by operating activities	<u>939,777</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Other receipts	-
Payments from other Board funds	(939,472)
Net cash provided by noncapital financing activities	<u>(939,472)</u>

Net increase in cash	305
Cash, beginning of year	<u>6,720</u>
Cash, end of year	<u><u>\$ 7,025</u></u>

**Reconciliation of Operating Income to Net Cash
Provided by Operating Activities:**

Operating income	\$ (207,273)
Adjustments:	
Depreciation	9,706
(Increase) decrease in assets:	
Inventory	(23,300)
Accounts receivable	1,130,617
(Decrease) increase in liabilities:	
Accounts payable	27,683
Unearned revenue	(900)
Accrued leave	<u>3,244</u>
Total adjustments	<u>1,147,050</u>
Net cash provided by operating activities	<u><u>\$ 939,777</u></u>

Noncash items:

Donation of food commodities	\$ 271,367
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The Board of Education of Dorchester County
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2023

Note 1. Description of The Board of Education of Dorchester County

The Board of Education of Dorchester County (the "Board") is empowered by Title 13A of the Code of Maryland Regulations to fulfill the elementary and secondary educational needs of students in Dorchester County, Maryland (the "County").

Financial Reporting Entity

The Board is the basic level of government which has financial accountability and control over all activities related to public school education in Dorchester County, Maryland. The Board receives funding from local, State and Federal government sources and must comply with the requirements of these funding source entities.

The Board is a component unit of Dorchester County, Maryland and is included in the County's reporting entity. This conclusion has been reached based on the following criteria: 1) the County is responsible for approving the Board's budget and establishing spending limitations and 2) the Board cannot issue bonded debt, but the County can and does issue bonds to finance school system operations. In addition, there are no component units which are included in the Board's reporting entity.

Note 2. Summary of Significant Accounting Policies

The financial statements of the Board have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles.

The most significant of the Board's accounting policies are described below.

A. Basis of Presentation

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the Board as a whole. These statements include the financial activities of the Board. The statements distinguish between those activities of the Board that are governmental and those that are considered business-type activities. Internal activity between funds is eliminated from the statements.

The statement of net position presents the financial condition of the governmental and business-type activities of the Board at year-end, excluding fiduciary funds. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Board's governmental activities and for business-type activities of the Board. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program.

The Board of Education of Dorchester County
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2023

Note 2. Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation (continued)

GOVERNMENT-WIDE FINANCIAL STATEMENTS (continued)

Revenues which are not classified as program revenues are presented as general revenues of the Board, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from general revenues of the Board.

FUND FINANCIAL STATEMENTS

During the year, the Board segregates transactions related to certain Board functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Board at a more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. In addition, the Board has presented the School Activities Fund as a major fund because the Board believes this fund is significant to the Board as a whole.

B. Fund Accounting

The Board uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary (the Board has no fiduciary funds).

GOVERNMENTAL FUND TYPES

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

General Fund - The General Fund is the general operating fund of the Board. All general revenues and other receipts that are not allocated by law or contractual agreement to another fund and general operating expenditures are accounted for in this fund.

School Construction Fund – School Construction Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. The Board administers the construction and repair of public schools and uses the School Construction Fund to record the revenues from the County and other governmental units and the expenditures in connection therewith. The State of Maryland made payments to the Board or directly to contractors on-behalf of the Board amounting to \$2,953,322 for the year ended June 30, 2023.

School Activity Fund – The School Activity Fund is used to account for revenues and expenditures at the schools for, among other things, student insurance and pictures, athletics, clubs and other student activities, and principals' miscellaneous expenditures.

The Board of Education of Dorchester County
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2023

Note 2. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (continued)

PROPRIETARY FUNDS

Proprietary funds focus on the determination of changes in net position, financial position and cash flows and are classified as enterprise.

Enterprise funds – Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Board's major enterprise fund is:

Food service fund – This fund accounts for the financial transactions related to the food service operations of the Board.

C. Measurement Focus

Government-wide financial statements – The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the Board are included on the statement of net position.

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

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the Board finances and meets the cash flow needs of its proprietary activities.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

The Board of Education of Dorchester County
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2023

Note 2. Summary of Significant Accounting Policies (Continued)

D. Basis of Accounting (continued)

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

Non-exchange transactions, in which the Board receives value without directly giving equal value in return, include primarily grants. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Board must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Board on a reimbursable basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: interest, tuition, grants, fees and rentals.

Unearned revenue – Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Grants received before the eligibility requirements are met are also recorded as unearned revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as unearned revenue.

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

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

E. Budgetary Data

All funds, other than agency funds, are legally required to be budgeted and appropriated. The budget is prepared on the budgetary basis of accounting. The budget establishes a limit on the amounts that the Board may appropriate and sets annual limits as to the amount of expenditures at a level of control selected by the Board. The legal level of control has been established by the Board at the category level within each fund.

The Board of Education of Dorchester County
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2023

Note 2. Summary of Significant Accounting Policies (Continued)

E. Budgetary Data (continued)

The budget may be amended during the year if projected increases or decreases in revenue are identified. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original budget was adopted. The amounts reported in the final budgeted amounts reflect amendments approved by the County government during the year between categories and those approved by the Board within categories.

F. Inventory

On government-wide financial statements and the fund financial statements of proprietary funds, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Food received from the USDA is included at values stated by the USDA and is offset by a deferred credit until consumed.

G. Capital Assets

General capital assets are those assets not specifically related to activities reported in proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical costs) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. During 2023, the Board raised its capitalization threshold to fifty thousand dollars. The Board does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add value to the asset or materially extend an asset's life are not.

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

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings and Improvements	20 – 50 years	N/A
Furniture and Equipment	5 – 20 years	15 years
Vehicles	8 – 10 years	N/A

The Board of Education of Dorchester County
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2023

Note 2. Summary of Significant Accounting Policies (Continued)

H. Compensated Absences

ACCRUED LEAVE

Upon retirement, employees of the Board receive severance pay for unused sick leave accumulated for service while employed at the Board. This estimated liability is computed on the accumulated sick leave of Board employees who have 20 years of service with the Board at the rate of \$30 per day. In addition, employees are granted vacation benefits in varying amounts depending on tenure. Compensated absences are reported as accrued in the government wide and proprietary financial statements. Governmental funds report only matured compensated absences payable to currently terminating employees, which are included in other accrued expenses.

I. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

The Board entered into a Separation Agreement with one employee for which a liability was accrued at June 30, 2022 on the government-wide statements. The final settlement payment installment was paid during fiscal year 2023.

J. Net Position

In the government-wide financial statements, net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Board or through external restrictions imposed by grantors, creditors or laws or regulations of other governments.

The Board applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

The Board of Education of Dorchester County
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2023

Note 2. Summary of Significant Accounting Policies (Continued)

K. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that period. The Board has two items that qualify for reporting in this category. The Board recognizes a deferred outflow of resources related to its pension liability (Note 7) and OPEB liability (Note 9) for changes in assumptions, the net difference between projected and actual investment earnings on plan investments, and contributions subsequent to the measurement date. These amounts are deferred and recognized as an outflow from resources in the period that the amounts become available.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Board has two items that qualify for reporting in this category. The Board recognizes a deferred inflow of resources related to its pension liability (Note 7) and OPEB liability (Note 9) for changes in assumptions, the difference between actual and expected experience, and the net difference between projected and actual investment earnings on plan investments. This item is deferred and recognized as an inflow from resources in the period that the amounts become available.

The deferred outflows and inflows of resources represent reconciling items between the governmental fund financial statements and the government-wide financial statements.

L. Fund Balance

Fund balances are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable (i.e. inventory or long term receivables), restricted (by external parties or legislation), committed (by resolution of the Board of Education), assigned (by management approval for specific purposes) and unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the Board. Assigned fund balances is a limitation imposed by a designee of the Board. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Proprietary fund equity is classified the same as in the government-wide statements.

M. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Board, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

N. Estimates

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

The Board of Education of Dorchester County
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2023

Note 2. Summary of Significant Accounting Policies (Continued)

O. Cash and Cash Equivalents

For purposes of the statement of cash flows for the proprietary fund, the Board considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

P. Interfund Receivables and Payables and Transfers

Activities between funds that are representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds. Transfers are fund balance amounts reserved and/or designated in the prior year that received County approval to be spent on capital projects.

Q. Encumbrance Accounting

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Encumbrances are reported as assigned fund balance in the governmental fund financial statements. Encumbrances outstanding at June 30, 2023 that were provided for in the current year's budget for the budgetary basis of accounting but will be accounted for under generally accepted accounting principles in the subsequent year totaled \$158,360.

R. New Accounting Policies

The Board adopted Government Accounting Standards Board's Statement No. 96, *Subscription-Based Information Technology Arrangements*, at July 1, 2022. This statement's objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for subscription-based information technology arrangements. The Statement increases the usefulness of the financial statements by requiring the recognition of certain subscription-based assets and liabilities. It additionally requires disclosure of essential information about those arrangements. The Board did not have any arrangements that met the definition of a right-to-use subscription-based information technology arrangement at June 30, 2023.

Note 3. Cash and Investments

Deposits:

At June 30, 2023, the Board had bank deposits with various commercial banks totaling \$2,807,535 (carrying value \$2,020,558). As required by law, each depository is to pledge securities at least equal to the amount on deposit at all times in addition to insurance provided by the Federal Deposit Insurance Corporation (FDIC). The depository banks pledge collateral for specific accounts which are held in the Board's name at The Bank of New York Mellon. As of June 30, 2023, the bank deposits were exposed to custodial credit risk as follows:

	Governmental Activities	Business-Type Activities
Insured	\$ 741,801	\$ 7,025
Uninsured and Collateral Held by Pledging		
Bank's Trust Department in the Board's Name	2,041,783	-
Uninsured and Undercollateralized	16,926	-
Total	\$ 2,800,510	\$ 7,025

The Board of Education of Dorchester County
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2023

Note 3. Cash and Investments (Continued)

Investments:

Investments consist of \$11,191,451 of U.S. Government Securities made through the State of Maryland Local Government Investment Pool (MLGIP) which provide local government units of the State a safe investment vehicle for short-term investment of funds. The State Legislature created MLGIP with the passage of Article 95 Section 22G of the Annotated Code of Maryland and more recently defined by Title 17, subtitle 3 of the Local Government Article of the Maryland Annotated Code of Maryland. The MLGIP is managed by PNC Capital Advisors, LLC and custodied by PNC Bank, N.A., which is under the administrative control of the State Treasurer. A MLGIP Advisory Committee of current participants has been formed to review the activities of the Fund on a semi-annual basis and provide suggestions to enhance the pool. The MLGIP is rated AAAm by Standard and Poor's. The fair value of the pool is the same as the value of the pool shares. Investments are recorded at cost, which approximates market value. Statutes authorize the Board to invest in obligations of the U.S. Treasury and U.S. Agencies, municipal securities and repurchase agreements, collateralized certificates of deposit, bankers' acceptance or money market funds.

The Board's exposure to interest rate and credit risk is minimal, as all investments are in cash and MLGIP and are thus precluded from having to sell below original cost. Custodial credit risk is mitigated by attempting to have all investments fully collateralized by securities. Cash is invested pursuant to the Annotated Code of Maryland and County Code.

Reconciliation to Statement of Net Position:

Cash at carrying value	\$ 2,020,558
Investments	11,191,451
Total cash and investments	\$ 13,212,009

Note 4. Interfund Receivables and Payables

	Due From Other Funds	Due To Other Funds
GOVERNMENTAL ACTIVITIES		
General Fund		
Due to School Construction fund	\$ -	\$ 1,146,058
Due to Food Service Fund	-	1,374,571
School Construction Fund		
Due from General Fund	1,146,058	-
BUSINESS-TYPE ACTIVITIES		
Enterprise Fund		
Due from General Fund	1,374,571	-
TOTAL ALL FUNDS	\$ 2,520,629	\$ 2,520,629

Due to/from other funds represent advances of cash for operating needs. Transfers of \$1,107,200 from the General Fund to the School Construction Fund are for capital projects.

The Board of Education of Dorchester County
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2023

Note 5. Capital Assets

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

	Balance June 30, 2022	Additions	Deductions	Transfers	Balance June 30, 2023
Governmental Activities					
Capital Assets, not being depreciated					
Construction in progress	\$ 588,933	\$ 4,933,017	\$ -	\$ (647,780)	\$ 4,874,170
Total capital assets, not being depreciated	588,933	4,933,017	-	(647,780)	4,874,170
Capital assets, being depreciated					
Buildings and improvements	195,053,264	-	-	-	195,053,264
Furniture and equipment	9,095,072	62,763	-	647,780	9,805,615
Vehicles	1,805,329	-	(90,491)	-	1,714,838
Total capital assets, being depreciated	205,953,665	62,763	(90,491)	647,780	206,573,717
Less accumulated depreciation:					
Buildings and improvements	(89,739,470)	(5,871,738)	-	-	(95,611,208)
Furniture and equipment	(4,724,019)	(474,577)	-	-	(5,198,596)
Vehicles	(1,378,510)	(129,633)	90,491	-	(1,417,652)
Total accumulated depreciation	(95,841,999)	(6,475,948)	90,491	-	(102,227,456)
Total capital assets, being depreciated, net	110,111,666	(6,413,185)	-	647,780	104,346,261
Intangible right-to-use assets:					
Leased equipment	839,511	593,941	-	-	1,433,452
Less accumulated amortization	(571,727)	(167,902)	-	-	(739,629)
Total intangible right-to-use assets, net	267,784	426,039	-	-	693,823
Governmental activities capital assets, net	\$ 110,968,383	\$ (1,054,129)	\$ -	\$ -	\$ 109,914,254
Business-type activities					
Equipment	\$ 128,695	\$ -	\$ -	\$ -	\$ 128,695
Vehicles	28,344	-	-	-	28,344
Accumulated depreciation	(55,095)	(9,706)	-	-	(64,801)
Business-type activities capital assets, net	\$ 101,944	\$ (9,706)	\$ -	\$ -	\$ 92,238

Depreciation expense was charged to governmental functions as follows:

Administration	\$ 15,835
Instructional costs	6,485,003
Pupil transportation	102,964
Maintenance of plant	40,048
Total governmental depreciation expense	<u>\$ 6,643,850</u>

Depreciation expense was charged to business-type functions as follows:

Food Service	\$ 9,706
Total business-type depreciation expense	<u>\$ 9,706</u>
Total depreciation expense	<u>\$ 6,653,556</u>

The Board of Education of Dorchester County
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2023

Note 6. Long-Term Liabilities

A summary of long-term liabilities for the year ended June 30, 2023 is as follows:

	Balance June 30, 2022	Increases	Decreases	Balance June 30, 2023	Due within one year
GOVERNMENTAL ACTIVITIES					
Financed purchases	\$ 3,113,274	\$ -	\$ 275,726	\$ 2,837,548	\$ 283,088
Intangible right-to-use leases	276,604	593,941	173,712	696,833	154,763
Accrued leave	1,327,539	748,913	657,052	1,419,400	116,032
Accrued severance	50,000	-	50,000	-	-
Net pension liability (Note 7)	3,140,251	736,321	-	3,876,572	-
Net OPEB liability (Note 9)	79,047,616	-	18,408,591	60,639,025	-
Total	<u>\$ 86,955,284</u>	<u>\$ 2,079,175</u>	<u>\$ 19,565,081</u>	<u>\$ 69,469,378</u>	<u>\$ 553,883</u>
BUSINESS-TYPE ACTIVITIES					
Accrued leave	<u>\$ 10,471</u>	<u>\$ 16,312</u>	<u>\$ 13,068</u>	<u>\$ 13,715</u>	<u>\$ -</u>

Long-term liabilities are normally paid from the General Fund.

Note 7. Pension Plans

Plan Description

The State Retirement Agency is the administrator of the Maryland State Retirement and Pension System (the System). The System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland to provide retirement allowances and other benefits. The System is comprised of the Teachers' Retirement and Pension Systems, Employees' Retirement and Pension Systems, State Police Retirement System, Judges' Retirement System, and the Law Enforcement Officers' Pension System. Responsibility for the System's administration and operation is vested in a 15 member Board of Trustees. The State Retirement Agency issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State Retirement and Pension System of Maryland, 120 E. Baltimore Street, Suite 1660, Baltimore, Maryland 21202-1600 or on-line at www.sra.maryland.gov.

The System's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. For purposes of measuring net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the System and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Generally, all regular employees of the Board participate in the Employees' Retirement and Pension Systems (Employee's Systems). Teachers employed by the Board generally participate in the Teachers' Retirement and Pensions Systems (Teachers' Systems). Both the Employees' Systems and the Teachers' Systems (collectively the Systems) are cost sharing multiple-employer defined benefit pension plans.

The Board of Education of Dorchester County
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2023

Note 7. Pension Plans (Continued)

Teachers' and Employees' Retirement Systems and the Teachers' and Employees' Pension Systems

General Plan Policies

The Teachers' Retirement System of the State of Maryland was established on August 1, 1927 and is administered in accordance with the State Personnel and Pensions Article of the Annotated Code of Maryland for the purpose of providing retirement allowances and other benefits to teachers in the State. In addition, on January 1, 1980, the Teachers' Pension System of the State of Maryland was established. In this regard, teachers hired on or after January 1, 1980 become members of the Teachers' Pension System, unless they elect to join an optional retirement program. Until December 31, 2004, existing members of the Teachers' Retirement System had the option of remaining in the Teachers' Retirement System or transferring to the Teachers' Pension System.

On October 1, 1941, the Employees' Retirement System was established to provide retirement allowances and other benefits to State employees, elected and appointed officials and the employees of participating governmental units. Effective January 1, 1980, the Employees' Retirement System was essentially closed to new members and the Employees' Pension system was established. Until December 31, 2004, existing members of the Employees' Retirement System had the option of remaining in the Employees' Retirement System or transferring to the Employees' Pension System.

Significant Plan Benefits and Policies

The following is a general description of the significant plan benefits and related contribution requirements for the Teachers' and Employees' Retirement Systems and the Teachers' and Employees' Pension Systems:

Teachers' and Employees' Retirement Systems

Retirement Benefits:

A member may retire with full benefits after attaining the age of 60, or after completing 30 years of creditable service regardless of age. The annual retirement allowance is equal to 1/55 of a member's average final compensation (i.e. average of the member's three highest years of annual earnable compensation) multiplied by the number of years and months of accumulated creditable service. A member may retire with reduced benefits after completing 25 years of creditable service regardless of age. Retirement allowances are adjusted each year based on the Consumer Price Index. Cost-of-living adjustments (COLAs) are applied to all allowances payable for the year, however, the method by which the COLA is computed depends upon elections made by members and is tied to member contributions.

Vested Allowance:

A member terminating employment before attaining retirement age but after completing 5 years of creditable service becomes eligible for a vested retirement allowance, provided the member lives to the age of 60 and does not withdraw his or her accumulated contributions. Members terminating employment before attaining retirement age and before completing 5 years of creditable service are refunded their accumulated contributions plus earned interest.

The Board of Education of Dorchester County
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2023

Note 7. Pension Plans (Continued)

Teachers' and Employees' Retirement Systems (continued)

Employee Contributions:

Members of the Teachers' and Employees' Retirement System are required to contribute to the systems a fixed percentage of their regular salaries and wages (e.g. 7% or 5%, depending on the COLA option selected). The contributions are deducted from each member's salary and wage payment and are remitted to the systems on a regular, periodic basis.

Teachers' and Employees' Pension Systems

Pension Benefits:

A member may retire with full benefits after completing 30 years of eligibility service regardless of age, or at age 62 or older with specified years of eligibility service. On retirement from service, a member shall receive an annual service pension allowance. The annual pension allowance is equal to 1.2% of average compensation for the three highest consecutive years as an employee for years of creditable service accrued prior to July 1, 1998 and 1.8% of average compensation for the three highest consecutive years as an employee for years of creditable service accrued on or after July 1, 1998. Members are eligible for early service pension allowances upon attaining age 55 with at least 15 years of eligibility service.

Vested Allowance:

A member terminating employment before attaining retirement age, but after completing 5 years of eligibility service, becomes eligible for a vested pension allowance provided the member lives to age 62. Members terminating employment before attaining retirement age and before completing 5 years of eligibility service are refunded their accumulated contributions plus earned interest.

Employee Contributions:

Effective July 1, 2011, members of the Teachers' and Employees' Pension Systems are required to contribute to the systems 7% of their regular salaries and wages up to the social security wage base in the year ending June 30, 2023. The contributions are deducted from each member's salary and wage payments and are remitted to the systems on a regular, periodic basis.

For members enrolled on and after July 1, 2011, the employee contribution is 7%; vesting requires ten years of eligible service; service retirement is at age 65 with ten years of eligibility service or based on the Rule of 90 (age and service must equal 90); early service retirement is age 60 with 15 years of eligibility service; average final compensation is a five year average; and the benefit multiplier per year is 1.5%.

The Board of Education of Dorchester County
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2023

Note 7. Pension Plans (Continued)

Teachers' and Employees' Retirement Systems and the Teachers' and Employees' Pension Systems

Employer Contributions:

For the year ended June 30, 2023 the Board's total payroll for all employees was \$51,392,987. Total covered payroll was \$42,264,247. Covered payroll refers to all compensation paid by the Board to active employees covered by either the Teachers' Systems or Employees' Systems.

During fiscal year 2023, the State of Maryland contributed \$3,592,505 to the Systems on behalf of the Board. The Board has recognized the State on-behalf payments as both a revenue and expense in the General Fund.

Teachers' Retirement and Pension Systems:

In accordance with Maryland Senate Bill 1301, *Budget Reconciliation and Financing Act of 2012*, the Board is required to pay the State 100% of the normal cost portion of the total pension cost for teachers. The normal cost is the portion of the total retirement benefit cost that is allocated to the current year of the employee's service. As contractually required, during fiscal year 2023, the Board contributed \$1,863,026 to the Teachers' Retirement and Pension System.

Employees' Retirement and Pension Systems:

During fiscal year 2023, the Board contributed \$508,741 to the Employees' Retirement and Pension System.

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

Because the State of Maryland pays the unfunded liability for the Teachers' Systems and the Board pays the normal cost for the Teachers' Systems, the Board is not required to record its' share of the unfunded pension liability for the Teachers' Systems, the State of Maryland is required to record that liability. The Board is required to record a liability for the Employees' Systems.

At June 30, 2023, the Board reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Board. The amount recognized by the Board as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Board were as follows:

	2023
Board's proportionate share of the net pension liability (Employees' Systems)	\$ 3,876,572
State's proportionate share of the net pension liability (Teachers' Systems)	<u>33,914,448</u>
Total	<u><u>\$ 37,791,020</u></u>

The Board of Education of Dorchester County
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2023

Note 7. Pension Plans (Continued)

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of contributions to the pension plan relative to the projected contributions of all participating government units, actuarially determined. As of June 30, 2022, the Board's proportion of the net pension liability was .019% which was substantially the same as its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Board recognized pension expense of \$2,371,767 in the fund financial statements and \$2,091,148 in the government-wide financial statements. At June 30, 2023, the Board 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 assumptions	\$ 432,207	\$ 39,070
Net difference between projected and actual investment earnings on pension plan investments	-	11,740
Difference between actual and expected experience	-	276,758
Change in proportion and share of contributions	99,956	260,105
Board contributions subsequent to measurement date	508,741	-
	<hr/>	<hr/>
Total	\$ 1,040,904	\$ 587,673
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The \$508,741 of deferred outflows of resources resulting from the Board's contributions to the Employees' Systems subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. The deferred inflows and outflows related to non-investment activity are being amortized over the remaining service life ranging from 5.49 to 5.72 years. The net difference in investment earnings is being amortized over a closed five-year period. The following table shows the amortization of these balances:

Year Ending June 30,	Amortization
2024	\$ (60,667)
2025	(58,456)
2026	(116,611)
2027	224,880
2028	(44,656)
	<hr/>
	\$ (55,510)
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The Board of Education of Dorchester County
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2023

Note 7. Pension Plans (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	16 years for State system
Asset Valuation Method	5-year smoothed market; 40% recognized in 2021; 15% equally over next four valuations
Inflation	2.25% general, 2.75% wage
Salary Increases	2.75% to 11.25%, including wage inflation
Investment Rate of Return	6.80%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2019 valuation pursuant to the 2019 experience study of the period July 1, 2014 to July 30, 2018.
Mortality	Various versions of the Pub-2010 Mortality Tables for males and females with projected generational mortality improvements based on the MP-2018 fully generational mortality Improvements scale for males and females.

The Board of Education of Dorchester County
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2023

Note 7. Pension Plans (Continued)

Investments

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the Board of Trustees after considering input from the System's investment consultant(s) and actuary(s). For each major asset class that is included in the System's target asset allocation, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	34%	6.0%
Private Equity	16%	8.4%
Rate Sensitive	21%	1.2%
Credit Opportunity	8%	4.9%
Real Assets	15%	5.2%
Absolute Return	6%	3.5%
Total	100%	

Discount rate

A single discount rate of 6.80% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 6.80%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Boards Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the System's proportionate share of the net pension liability calculated using the discount rate of 6.80%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	Discount Rate	Board's Net Pension Liability
1% decrease	5.80%	\$ 5,947,896
Current discount rate	6.80%	\$ 3,876,572
1% increase	7.80%	\$ 2,157,855

The Board of Education of Dorchester County
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2023

Note 8. Risk Management

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In 1986, the Maryland Association of Boards of Education Group Insurance Pool (the "Pool") was formed when several Maryland boards of education joined together to pool their casualty risks. Property insurance coverage was added in 1988 and workers compensation in fiscal year 2000. The Board pays an annual premium to the Pool each year which is calculated by an actuary. It is intended that the Pool be self-sustaining through member premiums. Reinsurance is carried through commercial companies for claims which exceed coverage limits as specified in the agreement. Should the Pool encounter deficits in its casualty and/or property funds, such deficits may be made up from assessments of the participating boards on a pro rata basis.

The Board continues to carry commercial insurance for all other risks of loss, including employee health and accident insurance. The Board purchases health insurance from a provider through a modified retrospective rating arrangement agreement. Settled claims have not exceeded insurance coverage for each of the past three fiscal years.

In September 2001, the Board joined the Eastern Shore of Maryland Educational Consortium (ESMEC) Health Alliance Trust, a public entity risk pool operating as a common risk management and insurance program for health insurance coverage. It is intended that ESMEC be self-sustaining through member premiums. Callable deficits, which are paid to ESMEC to cover potential shortfalls, are 7.0% of medical, drug, dental, and vision premiums. Currently, ESMEC keeps on hand 10.5% as a recommended conservative reserve. As of January 2023, the Boards' funds held by ESMEC fell short of the recommended conservative reserve by \$250,656. All funds held by ESMEC are restricted to being used only for health care expenses.

Note 9. Post-Employment Health Care Benefits

Plan Description

The Board of Education of Dorchester County administers a single-employer defined benefit healthcare plan ("the Plan"). The plan provides healthcare insurance for eligible retirees and their spouses through the Board's group health insurance plan, which covers both active and retired members. The Plan does not issue a stand-alone report. Benefit provisions are based on contractual agreements with employee groups. Employees are eligible to participate in the Plan upon retirement. Participants must meet the eligibility requirements of the Maryland State Teachers' pension system described below:

For members hired before July 1, 2011, the earliest retirement eligibility is the earlier of:

- Age 55 with 15 years of service,
- Age 62 with 5 years of service,
- Age 63 with 4 years of service,
- Age 64 with 3 years of service,
- Age 65 with 2 years of service, or
- 30 years of service, regardless of age.

For members hired after July 1, 2011, the earliest retirement eligibility is the earlier of

- Rule of 90 (age plus service is at least 90),
- Age 65 with 10 years of service,
- Age 60 with 15 years of service

The Board of Education of Dorchester County
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2023

Note 9. Post-Employment Health Care Benefits (Continued)

As of March 1, 2022, the date of the last actuarial valuation, approximately 365 retirees were receiving benefits, and 695 active employees are potentially eligible to receive future benefits.

Funding Policy

The Board pays a portion of retiree healthcare premiums based on years-of-service ranging from 15 years of service to 30+ years of service until the retiree becomes Medicare-eligible. The retiree pays the remaining premium, including the cost of eligible dependents. Pre-Medicare retirees may choose between two medical plans (a PPN plan and an EPO plan). Both plans include medical and prescription benefits. Once a participant is Medicare eligible, the participant must switch to a Medicare supplement plan, which is also packaged with a prescription plan. Retirees have the option of electing dental and vision coverage in addition to medical coverage.

Commencing July 1, 2013, at the time of retirement, the employee must make an election to continue in the Board sponsored health care plan or to receive the Board subsidy as a payment towards the cost of a health insurance plan selected by the retiree. In order to receive the Board subsidy, the retiree must either enroll in the Board's health care program or, at least annually, provide proof of payments to a health insurance program where the amount paid by the retiree equals or exceeds the Board subsidy. The subsidy paid by the Board shall not exceed the total premium for the plan selected and paid for by the retiree. Retirees can opt out of the Board health care plan only at the time of retirement. Benefits continue for the lifetime of the retiree. Dependents and surviving spouses can stay in the plan but must pay the full cost of coverage.

Employer Contribution

The employer subsidy is a flat dollar amount based upon a participant's service. The subsidy amount is different for retirees before being eligible for Medicare than for participants who are eligible for Medicare. The subsidy requires a minimum of 15 years of service with the Board and retirement from the State of Maryland Pension System.

The chart below summarizes the annual employer subsidy for the most recent fiscal year:

Years of Service	EPO Plan Pre-Medicare Employer Subsidy	PPO Plan Pre-Medicare Employer Subsidy	Post-Medicare Employer Subsidy
15 - 19	\$4,509	\$4,517	\$3,372
20 - 29	\$5,040	\$5,070	\$3,565
30 or more	\$5,570	\$5,531	\$3,757

Net OPEB Liability

The annual OPEB expense under GASB Statement No. 75 is equal to the change in the unfunded actuarial accrued liability from the prior year's measurement date to the current year measurement date, with some of the liability changes being deferred to future years. Changes in the actuarial accrued liability due to experience gains or losses or changes in assumptions are recognized over the expected future working lifetime of all plan participants, including retirees. For the fiscal year ended June 30, 2023, the Board recognized an OPEB expense of \$1,063,767.

The Board of Education of Dorchester County
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2023

Note 9. Post-Employment Health Care Benefits (Continued)

The Board's total OPEB liability is an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The following table shows the components of the Board's total OPEB liability as of June 30, 2023:

Total OPEB liability	
Service cost	\$ 4,013,888
Interest cost	1,504,337
Experience losses/(gains)	(21,166)
Changes of assumptions	(22,533,399)
Benefit payments	<u>(1,372,251)</u>
Net change in total OPEB liability	<u>(18,408,591)</u>
Total OPEB liability, beginning of year	<u>79,047,616</u>
Total OPEB liability, end of year (a)	<u><u>\$ 60,639,025</u></u>

Payments have typically been liquidated from the General Fund in prior years.

Funding Status and Funding Progress

The Board has not established an irrevocable trust and funds benefits on a pay-as-you-go basis. Contributions to the plan are made as benefit payments and expenses become due. Benefit payments totaled \$1,372,251 for the year ended June 30, 2023. As of the most recent actuarial valuation, the plan was zero percent funded. The total OPEB liability for benefits was \$60,639,025, all of which was unfunded. The covered employee payroll was \$42,264,247, and the ratio of the net OPEB liability to the covered payroll was 143.48%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of total OPEB liability, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the total OPEB liability is increasing or decreasing over time relative to the total OPEB liability for benefits.

Additional information as of the latest actuarial valuation is as follows:

- *Measurement date* – The Board selected a June 30, 2022 measurement date for fiscal year-end 2023. The measurement date can be any date between the last day of the prior fiscal year and the last day of the current fiscal year.
- *Cost method* – This valuation uses the Entry Age Normal Funding Method calculated on an individual basis with level percentage of payroll.
- *Claims data* – Monthly paid claims, administrative expenses and enrollment for employees and retirees from January 1, 2019 through December 31, 2021 were supplied by the carrier.

The Board of Education of Dorchester County
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2023

Note 9. Post-Employment Health Care Benefits (Continued)

- *Demographic data* – Data included current medical coverage for current employees and retirees as of March 1, 2022.
- *Discount rate assumption* - Benefits are discounted based on the Bond Buyer GO 20-year Bond Municipal Bond Index, an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The rate used for this year's valuation is 3.69% adjusted from 1.92% in the prior year.
- *Health care trend* – The medical trend assumption was developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA model was released in October 2010 and updated in October 2021. The following assumptions were used as input variables into this model:

Rate of Inflation	2.5%
Rate of growth in real income / GDP per year	1.4%
Extra trend due to technology and other factors	1.0%
Expected Health Share of GDP in 2029	19.0%
Health Share of GDP Resistance Point	20.0%
Year for limiting cost growth to GDP growth	2075

Due to the projected impact of the "Cadillac Tax", the Pre-65 medical care trend was adjusted. Effective in 2022, the Cadillac Tax, a provision of the Affordable Care Act, applies to plans that cost \$10,200 or more for an individual or \$27,500 per family. Under the provision, there will be a 40% excise tax for expenditures over these thresholds. The cost thresholds are indexed by general inflation each year after 2018. Because medical trends are projected to be higher than general inflation, the percentage of the premium that is subject to the excise tax is expected to increase over time.

- *Salary Scale* – Annual rates of salary increase include a 2.5% inflation rate and vary based on years of service and age:

Annual rates of Salary Increase for the first 10 years of service:

Years of Service	Rate
0	9.25%
1	6.75%
2	5.75%
3	5.75%
4	5.75%
5	5.75%
6	5.75%
7	5.50%
8	5.50%
9	5.50%

The Board of Education of Dorchester County
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2023

Note 9. Post-Employment Health Care Benefits (Continued)

Annual rates of Salary Increase with 10 or more years of service:

Years of Service	Rate	Years of Service	Rate
10	5.50%	20	3.75%
11	5.25%	21	3.75%
12	5.25%	22	3.75%
13	4.75%	23	3.25%
14	4.75%	24	3.25%
15	4.75%	25	3.25%
16	4.75%	26	3.25%
17	4.25%	27	3.25%
18	4.25%	28+	2.75%
19	3.75%		

- Decrement Assumptions –*

Healthy Pre-Retirement	Pub-2010 Teacher Employees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale
Healthy Post-Employment	Pub-2010 Teacher Retirees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale
Disabled	Pub-2010 Disabled Teacher Retirees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale

Sensitivity of the Total and Net OPEB Liability

The following table presents the Board's total OPEB liability using the discount rate of 3.69%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	<u>Discount Rate</u>	<u>Board's Total OPEB Liability</u>
1% decrease	2.69%	\$ 72,152,526
Current discount rate	3.69%	\$ 60,639,025
1% increase	4.69%	\$ 51,544,101

The Board of Education of Dorchester County
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2023

Note 9. Post-Employment Health Care Benefits (Continued)

The following table presents the Board's total OPEB liability using the health care trend rate of 3.94%, as well as what the total OPEB liability would be if it were calculated using a trend rate that is 1% point lower or 1% point higher than the current rate:

	<u>Health Care Trend Rate</u>	<u>Board's Total OPEB Liability</u>
1% decrease	2.94%	\$ 50,289,558
Current trend rate	3.94%	\$ 60,639,025
1% increase	4.94%	\$ 74,371,346

Deferred Inflows/Outflows of Resources related to OPEB

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 10,699,253	\$ 23,652,184
Net difference between projected and actual investment earnings on OPEB plan investments	-	-
Difference between actual and expected experience	-	15,400,876
Board contributions subsequent to measurement date	1,216,862	-
Total	<u>\$ 11,916,115</u>	<u>\$ 39,053,060</u>

The \$1,216,862 of deferred outflows of resources resulting from the Board's contributions to the plan subsequent to the measurement date of June 30, 2022 will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2023. Amounts reported as differences between projected and actual earnings on OPEB plan investments will be amortized and expensed over a closed five-year period. Amounts reported as differences between expected and actual experience will be amortized and expensed over a period equal to the average remaining service lives of all employees that are provided with other post-employment benefits through the plan. Amounts reported as changes in assumptions will be amortized and expensed over a period equal to the average remaining service lives of all employees that are provided with other post-employment benefits through the plan. Amortization expense related to net deferred inflows and outflows of resources over the next five years is expected to be as follows:

<u>Year Ending June 30,</u>	<u>Amortization</u>
2024	\$ (4,498,697)
2025	(4,498,697)
2026	(4,498,697)
2027	(3,370,280)
2028	(3,299,109)
Thereafter	(8,188,327)
	<u>\$ (28,353,807)</u>

The Board of Education of Dorchester County
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2023

Note 9. Post-Employment Health Care Benefits (Continued)

Changes in assumptions in the most recent actuarial valuation included adjusting the discount rate to the latest 20-year Municipal GO AA Index, adjusting the medical trend using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model baseline assumptions, and updating the Medicare claims and total costs and mortality assumptions to the latest SOA public sector experience study rates.

Note 10. Financed Purchases

The Board has entered into a non-cancelable contract that transfers ownership at the end of the contract term, thus the Board has recorded the related obligation and the related asset in the appropriate funds.

Financed purchase obligations at June 30, 2023 consist of the following:

Energy equipment, Bank of America, interest at 2.67%; payable in annual installments of approximately \$358,851, including interest through December 2031.	\$ 2,837,548
	<u>\$ 2,837,548</u>

Future minimum payments under these obligations, which will be funded from the General Fund, are as follows:

Fiscal year ending June 30,	
2024	\$ 358,851
2025	358,851
2026	358,851
2027	358,851
2028	358,851
Thereafter	1,435,402
Total	<u>3,229,657</u>
Less amounts representing interest	<u>(392,109)</u>
Present value of net minimum purchased finance payments	<u>\$ 2,837,548</u>

Interest expense on the above financed purchases was approximately \$83,000 for the year ended June 30, 2023.

The cost of items acquired under these financed purchase arrangements, as included in capital assets, totaled \$4,188,274 and the related accumulated depreciation was \$1,954,528 at June 30, 2023.

The Board of Education of Dorchester County
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2023

Note 11. Intangible Right-to-Use Assets

The Board implemented the guidance of GASB No. 87, Leases, at July 1, 2021 for accounting and reporting leases that had previously been reported as operating leases and recognized the value of copiers leased under long-term contracts along with a related liability.

At July 1, 2022 the Board had a variety of lease agreements in place for copiers. Payments under these leases total approximately \$147,000 per year for leases expiring during fiscal year 2024 and \$32,000 per year for leases expiring during fiscal year 2026. For purposes of discounting future payments on these leases, the Board used its incremental borrowing rate in place at the time of lease inception of 2.46% and 2.65% for leases ending in fiscal year 2024 and 2026, respectively.

During fiscal year 2023, the Board entered into additional copier lease agreements. Payments under these leases total approximately \$128,000 per year for leases that expire in fiscal year 2028. For purposes of discounting future payments on these leases the Board used its incremental borrowing rate in place at the time of lease inception of 2.46%.

The leased equipment and accumulated amortization of the right-to-use assets are outlined in Note 5.

Minimum lease payments over the next five years include:

<u>Lease Payments to Maturity</u>		
<u>Total</u>		
<u>Principal</u>	<u>Interest</u>	<u>Total</u>
\$ 154,763	\$ 17,038	\$ 171,801
146,076	13,451	159,527
149,725	9,801	159,526
121,639	6,058	127,697
124,630	3,066	127,696
<u>\$ 696,833</u>	<u>\$ 49,414</u>	<u>\$ 746,247</u>

Interest expense on the above intangible right-to-use assets was approximately \$5,400 for the year ended June 30, 2023.

The Board of Education of Dorchester County
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2023

Note 12. Commitments and Contingencies

The Board regularly enters into contracts for goods and services during the normal course of operations. The contracts often extend over fiscal years.

The Board receives a substantial amount of its support from Federal, State and local agencies in the form of grants. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Board has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2023 may be impaired. In the opinion of the Board, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

The Board is a defendant in various lawsuits. After considering all relevant facts and the opinion of legal counsel, it is management's opinion that such litigation will not have a material adverse effect on the financial position of the Board.

REQUIRED SUPPLEMENTARY INFORMATION

The Board of Education of Dorchester County
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE-BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
County appropriation	\$20,937,715	\$20,937,715	\$20,937,715	\$ -
State of Maryland revenues:				
Current expense	24,776,300	24,776,300	24,776,300	-
Compensatory education	13,932,346	13,932,346	13,932,346	-
Limited English proficient	1,199,875	1,199,875	1,199,875	-
Special education	2,171,007	2,171,007	2,171,007	-
Guaranteed tax base	1,665,384	1,665,384	1,665,384	-
Supplemental grant	1,321,515	1,321,515	1,321,515	-
Transportation	2,971,901	2,971,901	2,971,901	-
Nat'l Board Certification	12,790	7,615	7,615	-
PreKindergarten Supplemental	1,500,997	1,500,997	1,500,997	-
College and Career Ready	88,638	88,638	88,638	-
Transitional Supplemental Instr.	-	437,062	437,062	-
Concentration of Poverty	-	3,685,076	3,685,076	-
Total State of Maryland revenues	49,640,753	53,757,716	53,757,716	-
Other sources:				
Tuition and transfers	75,000	75,000	167,750	92,750
Interest income	30,000	30,000	460,932	430,932
Miscellaneous	331,076	331,076	348,192	17,116
Rental income - building	40,000	40,000	49,187	9,187
Bus rental	25,000	25,000	31,421	6,421
Total other sources	501,076	501,076	1,057,482	556,406
Restricted revenues	9,286,489	9,286,489	15,860,165	6,573,676
TOTAL REVENUES	80,366,033	84,482,996	91,613,078	7,130,082
EXPENDITURES				
Administration:				
Salaries and wages	1,437,890	1,537,890	1,529,795	8,095
Contracted services	329,851	369,851	363,361	6,490
Supplies and materials	76,010	111,010	102,379	8,631
Other charges	97,114	97,114	93,880	3,234
Total administration	1,940,865	2,115,865	2,089,415	26,450

The Board of Education of Dorchester County
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE-BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2023
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
School management and support:				
Salaries and wages	\$ 5,831,261	\$ 5,996,261	\$ 6,075,955	\$ (79,694)
Contracted services	66,376	66,376	35,306	31,070
Supplies and materials	109,685	109,685	109,100	585
Other charges	487,674	487,674	413,456	74,218
Total school management and support	6,494,996	6,659,996	6,633,817	26,179
Instructional salaries and wages:				
Salaries and wages and contingency	26,406,262	26,364,265	25,990,230	374,035
Textbooks and instructional supplies:				
Supplies and materials and contingency	1,279,049	1,545,283	1,516,495	28,788
Other instructional costs:				
Contracted services	709,817	827,472	675,380	152,092
Other charges	502,000	502,000	493,707	8,293
Transfers	75,000	75,000	70,731	4,269
Total other instructional costs	1,286,817	1,404,472	1,239,818	164,654
Special education:				
Salaries and wages	4,832,832	4,832,832	3,314,960	1,517,872
Contracted services	1,571,914	1,571,914	1,705,605	(133,691)
Supplies and materials	127,263	127,263	7,195	120,068
Other charges	21,600	21,600	28,585	(6,985)
Total special education	6,553,609	6,553,609	5,056,345	1,497,264
Pupil personnel services:				
Salaries and wages	866,192	1,840,128	1,790,953	49,175
Contracted services	10,000	1,419,851	1,400,840	19,011
Supplies and materials	31,500	57,078	62,508	(5,430)
Other charges	24,200	24,200	8,127	16,073
Total pupil personnel services	931,892	3,341,257	3,262,428	78,829

The Board of Education of Dorchester County
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE-BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2023
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Health services contracted services:				
Salaries and wages	\$ 99,503	\$ 124,503	\$ 115,853	\$ 8,650
Contracted services	775,443	775,443	777,818	(2,375)
Supplies and materials	3,000	3,000	719	2,281
Total health services contracted services	877,946	902,946	894,390	8,556
Pupil transportation:				
Salaries and wages	627,098	757,098	754,806	2,292
Contracted services	3,619,979	3,624,979	3,577,369	47,610
Supplies and materials	175,434	175,434	200,948	(25,514)
Other charges	68,040	68,040	69,881	(1,841)
Total pupil transportation	4,490,551	4,625,551	4,603,004	22,547
Operation of plant:				
Salaries and wages	1,980,709	1,980,709	1,836,553	144,156
Contracted services	170,064	170,064	270,722	(100,658)
Supplies and materials	158,200	258,200	374,570	(116,370)
Other charges	1,645,836	2,045,837	1,977,886	67,951
Land, buildings, and equipment	19,500	19,500	-	19,500
Total operation of plant	3,974,309	4,474,310	4,459,731	14,579
Maintenance of plant:				
Salaries and wages	770,069	770,069	818,867	(48,798)
Contracted services	296,854	546,854	467,107	79,747
Supplies and materials	379,846	579,846	499,178	80,668
Other charges	353,643	353,643	380,971	(27,328)
Equipment	-	-	31,298	(31,298)
Total maintenance of plant	1,800,412	2,250,412	2,197,421	52,991
Fixed charges:				
Insurance and employee benefits	16,518,045	16,168,750	15,896,333	272,417
Total fixed charges	16,518,045	16,168,750	15,896,333	272,417

The Board of Education of Dorchester County
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE-BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2023
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Capital outlay:				
Salaries and wages	\$ 114,890	\$ 114,890	\$ 116,503	\$ (1,613)
Supplies and materials	1,780	1,780	341	1,439
Other charges	2,000	2,000	155	1,845
Land, Buildings and Equip.	-	265,000	264,634	366
	<u>118,670</u>	<u>383,670</u>	<u>381,633</u>	<u>2,037</u>
Total capital outlay				
Total unrestricted expenditures	72,673,423	76,790,386	74,221,060	2,569,326
Restricted expenditures	<u>9,286,489</u>	<u>9,286,489</u>	<u>15,860,165</u>	<u>(6,573,676)</u>
TOTAL EXPENDITURES	<u>81,959,912</u>	<u>86,076,875</u>	<u>90,081,225</u>	<u>(4,004,350)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING USES	<u>(1,593,879)</u>	<u>(1,593,879)</u>	<u>1,531,853</u>	<u>3,125,732</u>
OTHER FINANCING SOURCES (USES)				
Fund balance appropriated	1,593,879	1,593,879	-	(1,593,879)
Appropriation to school construction fund	<u>-</u>	<u>-</u>	<u>(1,107,200)</u>	<u>(1,107,200)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,593,879</u>	<u>1,593,879</u>	<u>(1,107,200)</u>	<u>(2,701,079)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 424,653</u>	<u>\$ 424,653</u>

The Board of Education of Dorchester County
REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLANS
Schedule of Proportionate Share of Net Pension Liability

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Board's proportion of the net pension liability	0.0153290%	0.0169977%	0.0167681%	0.0168716%	0.0182841%	0.0194004%	0.0202381%	0.0209318%	0.0193746%
Board's proportionate share of the net pension liability	\$ 2,720,396	\$ 3,532,417	\$ 3,956,270	\$ 3,648,275	\$ 3,836,287	\$ 4,001,461	\$ 4,574,093	\$ 3,140,251	\$ 3,876,572
State's proportionate share of the net pension liability	27,301,668	36,226,287	43,481,273	40,229,165	39,277,026	37,124,469	40,825,142	25,110,971	33,914,448
Total	<u>\$30,022,064</u>	<u>\$39,758,704</u>	<u>\$47,437,543</u>	<u>\$43,877,440</u>	<u>\$43,113,313</u>	<u>\$41,125,930</u>	<u>\$45,399,235</u>	<u>\$28,251,222</u>	<u>\$37,791,020</u>
Board's covered payroll	\$31,967,186	\$33,689,148	\$34,546,250	\$35,613,901	\$35,699,566	\$37,297,818	\$38,610,542	\$40,681,992	\$42,264,247
Board's proportionate share of the net pension liability as a percentage of its covered payroll	8.51%	10.49%	11.45%	10.24%	10.75%	10.73%	11.85%	7.72%	9.17%
Total pension liability as a percentage of the plan fiduciary net position	0.07%	0.09%	0.10%	0.09%	0.08%	0.08%	0.08%	0.04%	0.06%

Schedules are intended to provide 10-year trend information. Additional years will be displayed as available.
GASB No. 68 was implemented in fiscal year 2015.

The Board of Education of Dorchester County
REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLANS
Schedule of Board Contributions

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required contributions	\$ 1,422,891	\$ 1,550,684	\$ 1,632,324	\$ 1,798,058	\$ 1,823,817	\$ 1,899,932	\$ 1,916,058	\$ 1,924,251	\$ 2,371,767
Contributions in relation to the contractually required contribution	1,422,891	1,550,684	1,632,324	1,798,058	1,823,817	1,899,932	1,916,058	1,924,251	2,371,767
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$31,967,186	\$33,689,148	\$34,546,250	\$35,613,901	\$35,699,566	\$37,297,818	\$38,610,542	\$40,681,992	\$42,264,247
Contributions as a percentage of covered payroll	4.45%	4.60%	4.73%	5.05%	5.11%	5.09%	4.96%	4.73%	5.61%

*Schedules are intended to provide 10-year trend information. Additional years will be displayed as available.
GASB No. 68 was implemented in fiscal year 2015.*

The Board of Education of Dorchester County
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST-EMPLOYMENT BENEFITS (OPEB) LIABILITY
Schedule of Total OPEB Liability and Related Ratios

	2018	2019	2020	2021	2022	2023
Total OPEB liability						
Service cost	\$ 3,623,705	\$ 2,996,190	\$ 3,077,799	\$ 3,096,466	\$ 3,988,626	\$ 4,013,888
Interest cost	2,139,195	2,477,278	2,625,283	2,125,246	2,000,409	1,504,337
Changes in benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	(106,766)	(12,258,435)	(236,770)	(10,756,958)	(21,166)
Changes of assumptions	(10,155,753)	(533,800)	3,251,349	10,007,468	2,855,961	(22,533,399)
Benefit payments	(1,349,324)	(1,481,721)	(1,408,823)	(1,225,409)	(1,437,739)	(1,372,251)
Net change in total OPEB liability	\$ (5,742,177)	\$ 3,351,181	\$ (4,712,827)	\$ 13,767,001	\$ (3,349,701)	\$ (18,408,591)
Total OPEB liability, beginning of year	75,734,139	69,991,962	73,343,143	68,630,316	82,397,317	79,047,616
Total OPEB liability, end of year (a)	<u>\$ 69,991,962</u>	<u>\$ 73,343,143</u>	<u>\$ 68,630,316</u>	<u>\$ 82,397,317</u>	<u>\$ 79,047,616</u>	<u>\$ 60,639,025</u>
Covered employee payroll	\$ 35,613,901	\$ 35,699,566	\$ 37,297,818	\$ 38,610,542	\$ 40,681,992	\$ 42,264,247
Total OPEB liability as of % of covered-employee payroll	196.53%	205.45%	184.01%	213.41%	194.31%	143.48%

Schedules are intended to provide 10-year trend information. Additional years will be displayed as available.
GASB No. 75 was implemented in fiscal year 2016

The Board of Education of Dorchester County
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the year ended June 30, 2023

Note 1. Budgetary Comparison Schedule

The Board of Education annually adopts budgets for the General Fund and Food Service Fund. All appropriations are legally controlled at the categorical level for the General Fund and the Food Service Fund.

The budgets are integrated into the accounting system, and the budgetary data, as presented in the financial statements for all funds with annual budgets, compare the expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the accompanying Budgetary Comparison Schedule for the General and Food Service Funds presents actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

Adjustments necessary to convert the results of operations and fund balances at the end of the year on the GAAP basis to the budgetary basis are as follows:

				June 30, 2023	
				GENERAL FUND	
		Revenues	Expenditures	Fund Balances	
GAAP BASIS	\$	95,799,524	\$ 94,120,394	\$	7,187,484
Encumbrances at June 30, 2022		-	(11,083)		-
Encumbrances at June 30, 2023		-	158,360		(158,360)
Proceeds from right-to-use assets		(593,941)	(593,941)		
Payments made on-behalf of the Board by State of Maryland to the Maryland State Retirement System		(3,592,505)	(3,592,505)		-
BUDGETARY BASIS	\$	91,613,078	\$ 90,081,225	\$	7,029,124

Note 2. Pension Plans

Changes in Benefit Terms

There were no significant benefit changes during the year.

Changes in Assumptions

Adjustments to the roll-forward liabilities were made to reflect the following assumption changes in the 2022 valuation:

- Salary increase assumption changed from 2.75% to 9.25% in the 2021 actuarial valuation to 2.75% to 11.25% in the 2022 actuarial valuation.

The Board of Education of Dorchester County
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the year ended June 30, 2023

Note 2. Pension Plans (Continued)

Method and Assumptions used in Calculations of Actuarially Determined Contributions

Actuarial	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	16 years for State system
Asset Valuation Method	5-year smoothed market; 40% recognized in 2021; 15% equally over next four valuations
Inflation	2.25% general, 2.75% wage
Salary Increases	2.75% to 11.25%, including wage inflation
Investment Rate of Return	6.80%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2019 valuation pursuant to the 2019 experience study of the period July 1, 2014 to July 30, 2018.
Mortality	Various versions of the Pub-2010 Mortality Tables for males and females with projected generational mortality improvements based on the MP-2018 fully generational mortality Improvements scale for males and females.

Note 3. Post-Employment Health Care Benefits

Changes in Benefit Terms

There were no significant benefit changes during the year.

Changes in Assumptions

- Investment rate of return assumption changed from 1.92% to 3.69%

Method and Assumptions

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Inflation	2.50%
Salary Increases	Varies based on years of service and age
Investment Rate of Return	3.69%
Medical Trend	Based on the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model baseline assumptions. The SOA Model was updated on October 30, 2021. The initial rate assumed is 6.00% and decreases to 4.64% in 2050 ultimately leveling off at 3.94% in 2075.
Mortality	The mortality rates for healthy pre - retirees was calculated using the Pub-2010 Teacher Employees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale. The mortality rates for healthy post - retirees was calculated using the Pub-2010 Teacher Retirees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale. The mortality rates for disabled individuals was calculated using the Pub-2010 Teacher Disabled Retirees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale.

ADDITIONAL SUPPLEMENTARY INFORMATION

The Board of Education of Dorchester County
SCHOOL ACTIVITIES FUND OPERATIONS
Year Ended June 30, 2023

<u>School Name</u>	June 30, 2022 Fund Balance	Year Ended June 30, 2023		
		Additions - Revenues	Deductions - Expenditures	Fund Balance
Hurlock Elementary School	\$ 17,366	\$ 34,796	\$ 34,889	\$ 17,273
Maple Elementary School	13,766	26,744	23,908	16,602
Choptank Elementary School	16,905	5,142	7,646	14,401
Sandy Hill Elementary School	15,998	11,428	18,828	8,598
South Dorchester K-8 School	54,706	49,608	51,042	53,272
Vienna Elementary School	31,562	23,332	27,337	27,557
Warwick Elementary School	12,973	72,734	72,798	12,909
Maces Lane Middle School	19,282	27,371	34,805	11,848
North Dorchester Middle School	28,446	36,921	38,661	26,706
Cambridge South Dorchester High School	121,241	314,779	320,991	115,029
North Dorchester High School	93,464	201,305	210,078	84,691
School of Technology	87,677	196,133	196,373	87,437
Total	<u>\$ 513,386</u>	<u>\$ 1,000,293</u>	<u>\$ 1,037,356</u>	<u>\$ 476,323</u>

The Board of Education of Dorchester County
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - BUDGET AND ACTUAL
FOOD SERVICES FUND
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
OPERATING REVENUES				
Sale of meals	\$ 95,318	\$ 95,318	\$ 169,023	\$ 73,705
Federal assistance	2,890,121	2,890,121	3,421,581	531,460
State assistance	117,785	117,785	62,282	(55,503)
USDA donated commodities	225,000	225,000	271,367	46,367
Vendor rebates	-	-	2,946	2,946
TOTAL REVENUES	3,328,224	3,328,224	3,927,199	598,975
OPERATING EXPENSES				
Current:				
Food	1,225,000	1,225,000	1,233,010	(8,010)
Salaries and wages	1,073,390	1,073,390	1,220,237	(146,847)
Fixed charges	579,984	579,984	634,321	(54,337)
Contracted services	69,700	69,700	98,114	(28,414)
Supplies and materials	97,250	97,250	159,471	(62,221)
Other charges	14,000	14,000	3,887	10,113
Depreciation	-	-	9,706	(9,706)
USDA donated commodities	225,000	225,000	271,367	(46,367)
Capital outlay	68,900	68,900	504,359	(435,459)
TOTAL EXPENSES	3,353,224	3,353,224	4,134,472	(781,248)
OPERATING LOSS	(25,000)	(25,000)	(207,273)	(182,273)
NON-OPERATING REVENUE				
Other income	25,000	25,000	-	(25,000)
Change in net position	\$ -	\$ -	\$ (207,273)	\$ (207,273)

The Board of Education of Dorchester County
FOOD SERVICES FUND
SCHEDULE OF CHANGES IN NET POSITION BY AREA OF RESPONSIBILITY
Year Ended June 30, 2023

	<u>Total</u>	<u>Board Admin.</u>	<u>C.S.D.H.S.</u>	<u>N.D.H.S.</u>	<u>Maces Lane</u>	<u>N.D.M.S.</u>	<u>Hurlock Elementary</u>
Net position, beginning of year	\$1,721,770	\$1,721,770	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue:							
Food sales:							
A la carte	169,023	900	44,511	22,483	24,989	15,053	10,413
State revenue match	46,349	-	6,717	4,175	6,816	3,708	4,635
School closure federal	120,708	120,708	-	-	-	-	-
Federal reimbursements	3,300,873	109,443	368,542	245,985	414,293	269,357	326,720
State reimbursements	15,933	-	1,823	1,147	2,112	1,036	1,520
USDA donated commodities	271,367	-	33,434	21,713	35,545	22,931	27,224
Vendor rebates	2,946	2,946	-	-	-	-	-
Total revenue	3,927,199	233,997	455,027	295,503	483,755	312,085	370,512
Cost of food used:							
Beginning inventory	35,492	11,362	1,472	3,968	3,824	1,800	2,912
Purchased food	1,256,310	24,372	170,108	90,936	150,869	93,615	128,007
USDA donated commodities	271,367	-	33,434	21,713	35,545	22,931	27,224
Supplies	145,689	52,143	15,374	12,410	11,393	8,574	13,074
Salaries and wages	1,087,154	88,739	117,781	89,589	108,967	79,934	86,061
Food available for use	2,796,012	176,616	338,169	218,616	310,598	206,854	257,278
Less: Ending inventory	58,792	26,588	6,263	2,359	6,229	3,072	1,947
Total cost of food used	2,737,220	150,028	331,906	216,257	304,369	203,782	255,331
Net revenue (expense)	1,189,979	83,969	123,121	79,246	179,386	108,303	115,181
Expenses:							
Salaries and wages	133,083	133,083	-	-	-	-	-
Fixed charges	634,321	115,311	61,227	46,571	56,645	41,552	44,737
Contract services	98,114	-	4,328	17,583	8,403	10,814	4,470
Supplies/materials	13,782	543	1,992	1,407	1,478	1,138	903
Other charges	3,887	-	2,500	436	149	(72)	(12)
Depreciation	9,706	9,706	-	-	-	-	-
Equipment	504,359	159,162	62,076	9,123	1,933	1,100	48,213
Total expenditures	1,397,252	417,805	132,123	75,120	68,608	54,532	98,311
Change in net position	(207,273)	(333,836)	(9,002)	4,126	110,778	53,771	16,870
Transfers	-	126,563	9,002	(4,126)	(110,778)	(53,771)	(16,870)
Net position, end of year	\$1,514,497	\$1,514,497	\$ -	\$ -	\$ -	\$ -	\$ -

The Board of Education of Dorchester County
FOOD SERVICES FUND
SCHEDULE OF CHANGES IN NET POSITION BY AREA OF RESPONSIBILITY
Year Ended June 30, 2023
(Continued)

	Maple Elementary	Sandy Hill Elementary	South Dorchester K-8	Choptank Elementary	Vienna Elementary	Warwick Elementary
Net position, beginning of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue:						
Food sales:						
A la carte	8,297	8,490	16,257	5,168	4,623	7,839
State revenue match	5,518	5,099	1,390	5,453	1,390	1,448
School closure federal	-	-	-	-	-	-
Federal reimbursements	394,739	341,798	135,771	353,109	135,582	205,534
State reimbursements	1,772	1,577	1,023	1,659	876	1,388
USDA donated commodities	32,541	28,309	12,248	28,977	11,299	17,146
Vendor rebates	-	-	-	-	-	-
Total revenue	442,867	385,273	166,689	394,366	153,770	233,355
Cost of food used:						
Beginning inventory	1,565	3,084	1,427	1,058	1,604	1,416
Purchased food	150,190	134,191	55,712	131,290	52,516	74,504
USDA donated commodities	32,541	28,309	12,248	28,977	11,299	17,146
Supplies	6,195	7,831	3,223	6,532	3,365	5,575
Salaries and wages	147,083	129,608	53,856	85,983	42,625	56,928
Food available for use	337,574	303,023	126,466	253,840	111,409	155,569
Less: Ending inventory	1,699	2,511	1,652	2,111	1,741	2,620
Total cost of food used	335,875	300,512	124,814	251,729	109,668	152,949
Net revenue (expense)	106,992	84,761	41,875	142,637	44,102	80,406
Expenses:						
Salaries and wages	-	-	-	-	-	-
Fixed charges	76,459	67,375	27,996	44,697	22,158	29,593
Contract services	13,211	9,028	3,057	7,088	5,469	14,663
Supplies/materials	1,879	1,234	479	1,372	520	837
Other charges	1,016	10	(143)	50	(5)	(42)
Depreciation	-	-	-	-	-	-
Equipment	30,004	812	85,778	5,238	90,158	10,762
Total expenditures	122,569	78,459	117,167	58,445	118,300	55,813
Change in net position	(15,577)	6,302	(75,292)	84,192	(74,198)	24,593
Transfers	15,577	(6,302)	75,292	(84,192)	74,198	(24,593)
Net position, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -