

LAMPETER-STRASBURG SCHOOL DISTRICT

Lampeter, Pennsylvania 17537

BOARD WORKSHOP MEETING AGENDA

November 21, 2022

FOR BOARD WORKSHOP ACTION

MISCELLANEOUS

1. RECOMMENDATION FOR NEXT STEP IN FEASIBILITY STUDY RECOMMENDATIONS

Recommend the approval for next step in feasibility study recommendations: Comprehensive Renovations to Martin Meylin Middle School (Design Phase).

2. PRESENTATION OF L-S HIGH SCHOOL INITIATIVES AND COMPREHENSIVE PLANNING GOALS

Dr. Feeney will present a review of Lampeter-Strasburg High School initiatives and progress toward Comprehensive Planning Goals.

BUSINESS AND FINANCE COMMITTEE

3. RECOMMENDATION FOR ACCEPTANCE OF 2021-2022 FINANCIAL STATEMENTS AND AUDIT

Recommend the acceptance of the 2021-2022 financial statements and audit as presented by BBD, LLP, at the October 17, 2022, Board Workshop meeting, as posted.

4. RECOMMENDATION FOR APPROVAL OF A CHANGE ORDER FOR CRITICAL CAPITAL PROJECTS

Recommend the approval of a change order to Garden Spot Mechanical, Inc., as follows and as posted:

Change Order HC #3 Add \$1,270.00 Addition of Aquastat controls for domestic hot water pumps

MISCELLANEOUS

5. REVIEW OF ACHIEVEMENT DATA

Dr. Godfrey will present a review of achievement data, as posted.

6. RECOMMENDATION FOR ACCEPTANCE OF SCHOOL BOARD MEMBER RESIGNATION

Recommend the approval of the resignation of Mr. David J. Beiler as a member of the Lampeter-Strasburg School District Board of School Directors.

7. DISCUSSION AND RECOMMENDATION FOR APPOINTMENT OF BOARD MEMBER

The Board of School Directors will deliberate and decide upon the appointment of an individual to fill a vacant Board position, [as posted](#).

8. DISCUSSION OF PSBA PRINCIPLES FOR GOVERNANCE AND LEADERSHIP

Dr. Peart will lead a discussion of PSBA Principles for Governance and Leadership, as posted.

9. ADJOURNMENT TO EXECUTIVE SESSION

The Board will adjourn to Executive Session to hold an information, strategy and negotiation session related to the negotiation or arbitration of a collective bargaining agreement or, in the absence of a collective bargaining agreement, related to labor relations and arbitration.



**Lampeter-Strasburg
School District
Lampeter, Pennsylvania
Lancaster County**

Financial Statements
Year Ended June 30, 2022



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Philadelphia, PA 19103

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LAMPETER-STRASBURG SCHOOL DISTRICT

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LAMPETER-STRASBURG SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

**Board of School Directors
Lampeter-Strasburg School District
Lampeter, Pennsylvania**

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lampeter-Strasburg School District, Lampeter, Pennsylvania as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Lampeter-Strasburg School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lampeter-Strasburg School District, Lampeter, Pennsylvania as of June 30, 2022, 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. 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 Lampeter-Strasburg School District, Lampeter, Pennsylvania, 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.

Change in Accounting Principle

As described in Note 16 to the financial statements, Lampeter-Strasburg School District adopted new accounting guidance, GASB Statement No. 87, "Leases". Our opinions are not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Lampeter-Strasburg School District, Lampeter, Pennsylvania's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Summarized Comparative Information

We have previously audited Lampeter-Strasburg School District's 2021 financial statements, and our report dated October 20, 2021 expressed unmodified opinions on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule – General Fund, the schedules of the District's proportionate share of the net pension liability - PSERS and pension plan contributions - PSERS, schedule of changes in OPEB liability single-employer plan, and the schedules of the District's proportionate share of the net OPEB liability - PSERS and OPEB plan contributions – PSERS on pages 4 through 14 and 52 through 57 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 Lampeter-Strasburg School District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards 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 November 11, 2022, on our consideration of Lampeter-Strasburg School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lampeter-Strasburg School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lampeter-Strasburg School District's internal control over financial reporting and compliance.

BBD, LLP

**Philadelphia, Pennsylvania
November 11, 2022**

LAMPETER-STRASBURG SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2022

Management's discussion and analysis ("**MD&A**") of the financial performance of the Lampeter-Strasburg School District (the "**District**") provides an overview of the District's financial performance for fiscal year ended June 30, 2022. Readers should also review the basic financial statements and related notes to enhance their understanding of the District's financial performance.

DISTRICT PROFILE

The District consists of two elementary schools, a middle school and a high school consisting of approximately 2,900 students. The District covers 36.2 square miles southeast of the City of Lancaster and is comprised of the Townships of Strasburg and West Lampeter, the Borough of Strasburg and an Annex of Lancaster City. During 2021-2022, there were 413 employees in the District, consisting of 213 teachers, 13 administrators, including general administration, principals and supervisors, and 187 support personnel including administrative assistants, maintenance staff, custodial staff, transportation staff, food service staff, technology staff, school monitors and staff nurses.

The District is committed to providing, in an accountable partnership with the parents and the community, opportunities for each learner to acquire the knowledge, skills and values to become a responsible, productive citizen.

FINANCIAL HIGHLIGHTS

- On a government-wide basis including all governmental activities and the business type activities, the liabilities and deferred inflows of resources exceeded the assets and deferred outflows of resources of the District resulting in a deficit in total net position at the close of the 2021-2022 fiscal year of \$21,903,882. During the 2021-2022 fiscal year, the District had an increase in total net position of \$8,047,851. The net position of governmental activities increased by \$6,912,507 and the net position of the business-type activities increased by \$1,135,344.
- The General Fund reported an increase of fund balance of \$222,642, bringing the cumulative balance to \$9,812,828 at the conclusion of the 2021-2022 fiscal year.
- At June 30, 2022, the General Fund fund balance includes \$93,314 which is considered nonspendable, \$1,700,000 assigned to capital projects, \$1,111,500 assigned to retirement rate stabilization, \$32,005 assigned to technology initiatives, \$171,710 assigned for property tax assessment appeals, and an unassigned amount of \$6,704,299 or 11.50% of the \$58,301,968 General Fund expenditure budget for 2022-2023.
- Total General Fund revenues and other financing sources were \$1,248,688 more than budgeted amounts and total General Fund expenditures and other financing uses were \$492,119 less than budgeted amounts resulting in a net positive variance of \$1,740,807.
- In December 2019, an outbreak of a novel strain of coronavirus ("**COVID-19**") was identified and has since spread worldwide including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. Many factors both directly and indirectly related to COVID-19 continue affecting the District.

OVERVIEW OF THE FINANCIAL STATEMENTS

The MD&A is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

LAMPETER-STRASBURG SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2022

The *Statement of Net Position (Deficit)* presents information on all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, 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 condition of the District is improving or deteriorating. To assess the District's overall health, the reader will need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish the functions of the District that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges.

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

Governmental Activities

Most of the District's basic services are included here, such as regular and special education, support services, maintenance, transportation and administration.

Business-Type Activities

The District charges fees to cover the costs of its food services and after-school child care programs.

The government-wide financial statements can be found on Pages 15 and 16 of this report.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds. 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 District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the District's funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Most of the District's activities are included in the governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the governmental near-term financing decisions. Both the *Balance Sheet – Governmental Funds* and *Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds* provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

LAMPETER-STRASBURG SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2022

The District maintains three individual governmental funds. Information is presented separately in the *Balance Sheet – Governmental Funds* and *Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds* for each of the funds.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with the budget.

The governmental fund financial statements can be found on Pages 17 through 20 of this report.

Proprietary Funds

The District maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Food Service Fund and School Age Child Care Fund are reported as enterprise funds of the proprietary fund type. Internal service funds are used to accumulate and allocate certain costs internally among the District's various functions. The District uses its internal service fund to account for the District's self-funded healthcare program. Because an internal service fund predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

The proprietary fund financial statements provide separate financial information for its major fund and internal service fund. The proprietary fund financial statements can be found on Pages 21 through 23 of this report.

Fiduciary Funds

The District is the trustee, or fiduciary, for assets that belong to others, consisting of scholarship and student activity funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purpose and by those to whom the assets belong. Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The fiduciary fund financial statements can be found on Pages 24 and 25 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

The notes to the financial statements can be found on Pages 26 through 51 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which consists of the budgetary comparison schedule for the General Fund, schedules of the District's proportionate share of the net pension liability and pension plan contributions-PSERS, schedule of changes in OPEB liability single-employer plan, and the schedules of the District's proportionate share of the net OPEB liability and OPEB plan contributions-PSERS.

The required supplementary information can be found on Pages 52 through 57 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted above, net position may serve over time as a useful indicator of the District's financial condition. At the close of the 2021-2022 fiscal year the District's liabilities and deferred inflows of resources assets exceeded assets and deferred outflows of resources by \$21,903,882. The following table presents condensed information for the *Statement of Net Position (Deficit)* of the District at June 30, 2022 and 2021.

LAMPETER-STRASBURG SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2022

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
ASSETS						
Current assets	\$ 46,345,628	\$ 30,108,463	\$ 1,019,342	\$ 110,415	\$ 47,364,970	\$ 30,218,878
Noncurrent assets	42,332,057	44,426,408	173,716	172,841	42,505,773	44,599,249
Total assets	<u>88,677,685</u>	<u>74,534,871</u>	<u>1,193,058</u>	<u>283,256</u>	<u>89,870,743</u>	<u>74,818,127</u>
DEFERRED OUTFLOWS						
Deferred charges – pension	11,646,264	11,464,203	392,797	381,718	12,039,061	11,845,921
Deferred charges – OPEB	1,364,953	1,174,142	30,696	70,165	1,395,649	1,244,307
Deferred amounts on debt refunding	3,661	5,092	-	-	3,661	5,092
Total deferred outflows	<u>13,014,878</u>	<u>12,643,437</u>	<u>423,493</u>	<u>451,883</u>	<u>13,438,371</u>	<u>13,095,320</u>
LIABILITIES						
Current liabilities	7,454,422	7,266,588	96,321	100,098	7,550,743	7,366,686
Noncurrent liabilities	101,162,206	103,507,723	2,319,520	2,940,644	103,481,726	106,448,367
Total liabilities	<u>108,616,628</u>	<u>110,774,311</u>	<u>2,415,841</u>	<u>3,040,742</u>	<u>111,032,469</u>	<u>113,815,053</u>
DEFERRED INFLOWS						
Deferred credits – pension	12,299,184	3,714,631	414,816	123,684	12,714,000	3,838,315
Deferred credits – OPEB	1,374,745	199,867	91,782	11,945	1,466,527	211,812
Total deferred outflows	<u>13,673,929</u>	<u>3,914,498</u>	<u>506,598</u>	<u>135,629</u>	<u>14,180,527</u>	<u>4,050,127</u>
NET POSITION (DEFICIT)						
Net investment in capital assets	40,149,986	36,965,167	173,716	172,841	40,323,702	37,138,008
Restricted	3,020,377	2,303,928	-	-	3,020,377	2,303,928
Unrestricted (deficit)	(63,768,357)	(66,779,596)	(1,479,604)	(2,614,073)	(65,247,961)	(69,393,669)
Total net position (deficit)	<u>\$ (20,597,994)</u>	<u>\$ (27,510,501)</u>	<u>\$ (1,305,888)</u>	<u>\$ (2,441,232)</u>	<u>\$ (21,903,882)</u>	<u>\$ (29,951,733)</u>

The District's total assets as of June 30, 2022 were \$89,870,743 of which \$43,073,912 or 47.93%, consisted of cash and investments and \$42,505,773 or 47.30%, consisted of the District's net investment in capital assets. The District's total liabilities as of June 30, 2022 were \$111,032,469 of which \$27,355,228 or 24.64% consisted of general obligation debt used to acquire and construct capital assets and \$67,209,867 or 60.53%, consisted of the actuarially determined net pension liability.

The District had a deficit in unrestricted net position of \$65,247,961 at June 30, 2022. The District's unrestricted net position increased by \$4,145,708 during 2021-2022 primarily due to the results of current year operations and of the change in the District's actuarially determined net pension liability and related deferred outflows and inflows.

A portion of the District's net position reflects its restricted net position which totaled \$3,020,377 as of June 30, 2022. Most of the District's restricted net position is related to amounts restricted for capital expenditures. A small portion, \$19,893, is restricted for student activities at the elementary schools.

Another portion of the District's net position reflects its investment in capital assets net of accumulated depreciation less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. For the year ended June 30, 2022, the District's net investment in capital assets increased by \$3,185,694 because the debt used to acquire the capital assets was being repaid faster than the capital assets were being depreciated.

LAMPETER-STRASBURG SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2022

The following table presents condensed information for the *Statement of Activities* of the District for 2022 and 2021:

	Governmental Activities		Business-Type Activities		Totals	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
REVENUES						
Program revenues						
Charges for services	\$ 223,620	\$ 201,327	\$ 740,975	\$ 533,616	\$ 964,595	\$ 734,943
Operating grants and contributions	9,832,823	9,636,079	2,296,133	1,285,899	12,128,956	10,921,978
Capital grants and contributions	-	-	-	-	-	-
General revenues						
Property taxes levied for general purposes	38,069,983	37,188,016	-	-	38,069,983	37,188,016
Other taxes levied for general purposes	4,316,596	3,978,751	-	-	4,316,596	3,978,751
Grants and entitlements not restricted to specific programs	4,916,707	4,823,966	-	-	4,916,707	4,823,966
Investment earnings	(673,623)	(183,384)	193	133	(673,430)	(183,251)
Gain (loss) on disposal of capital assets	-	3,303	-	-	-	3,303
Total revenues	<u>56,686,106</u>	<u>55,648,058</u>	<u>3,037,301</u>	<u>1,819,648</u>	<u>59,723,407</u>	<u>57,467,706</u>
EXPENSES						
Instruction	33,063,557	35,588,943	-	-	33,063,557	35,588,943
Instructional student support services	3,487,223	3,840,922	-	-	3,487,223	3,840,922
Administrative and financial support services	5,342,548	5,297,659	-	-	5,342,548	5,297,659
Operation and maintenance of plant services	3,976,473	4,718,738	-	-	3,976,473	4,718,738
Pupil transportation	1,902,619	1,766,932	-	-	1,902,619	1,766,932
Student activities	1,359,612	1,429,833	-	-	1,359,612	1,429,833
Community services	6,000	6,000	-	-	6,000	6,000
Interest and amortization expense related to non-current liabilities	286,770	197,829	-	-	286,770	197,829
Food service	-	-	1,863,404	1,322,219	1,863,404	1,322,219
Child care	-	-	387,350	251,500	387,350	251,500
Total expenses	<u>49,424,802</u>	<u>52,846,856</u>	<u>2,250,754</u>	<u>1,573,719</u>	<u>51,675,556</u>	<u>54,420,575</u>
Change in net position (deficit) before transfers	7,261,304	2,801,202	786,547	245,929	8,047,851	3,047,131
Transfers	(348,797)	(50,517)	348,797	50,517	-	-
CHANGE IN NET POSITION (DEFICIT)	<u>\$ 6,912,507</u>	<u>\$ 2,750,685</u>	<u>\$ 1,135,344</u>	<u>\$ 296,446</u>	<u>\$ 8,047,851</u>	<u>\$ 3,047,131</u>

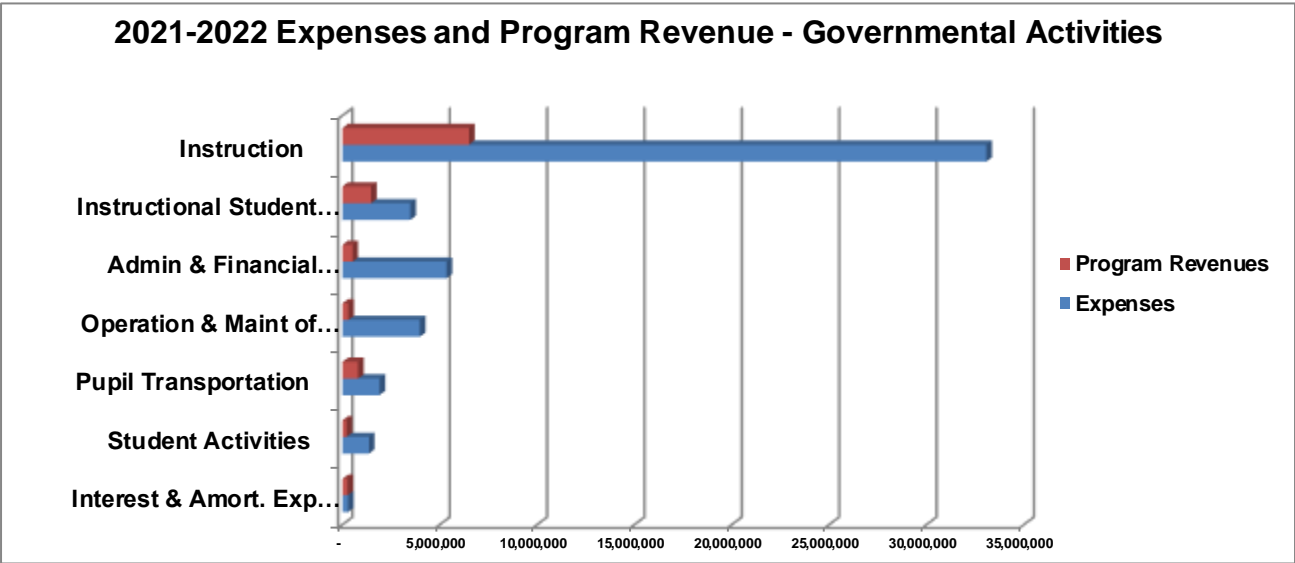
During 2021-2022, the District's net position increased by \$8,047,851 in part due to savings in salaries, medical and other benefit costs, and building, department, and manager allocations. Future pension contributions, state-mandated programs and negotiated contracts have a potential to offset these gains in future fiscal years. Management of the District continues to aggressively implement cost efficiencies and revenue-generating strategies to combat these factors. In the governmental activities, the District's assessed property tax base drives most of the revenue generated. A significant portion of the District's property tax base is in the form of residential housing. Although the District is primarily a residential community, the District also has a property tax base derived from commercial facilities.

LAMPETER-STRASBURG SCHOOL DISTRICT

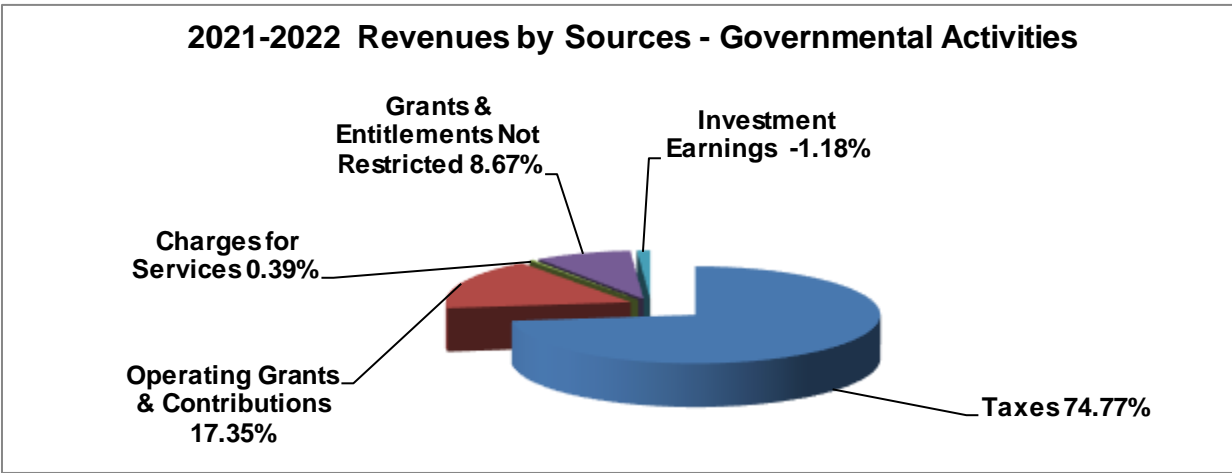
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2022

The *Statement of Activities* provides detail that focuses on how the District finances its services. The *Statement of Activities* compares the costs of the District functions and programs with the resources those functions and programs generate themselves in the form of program revenues. As demonstrated by the following graph, all of the District's governmental activities are not self-supporting.



To the degree that the District's functions or programs cost more than they raise, the *Statement of Activities* shows how the District chose to finance the difference through general revenues. The following chart shows that the District relies on tax revenues to finance its governmental activities.



GOVERNMENTAL FUNDS

The governmental fund financial statements provide detailed information of the District's major funds. Some funds are required to be established by State statute while other funds are established by the District to manage monies restricted for a specific purpose. As of June 30, 2022, the District's governmental funds reported a combined fund balance of \$37,020,690 which is an increase of \$15,975,212 from the prior year. The following table summarizes the District's total governmental fund balances as of June 30, 2022 and 2021 and the total 2022 change in governmental fund balances.

LAMPETER-STRASBURG SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

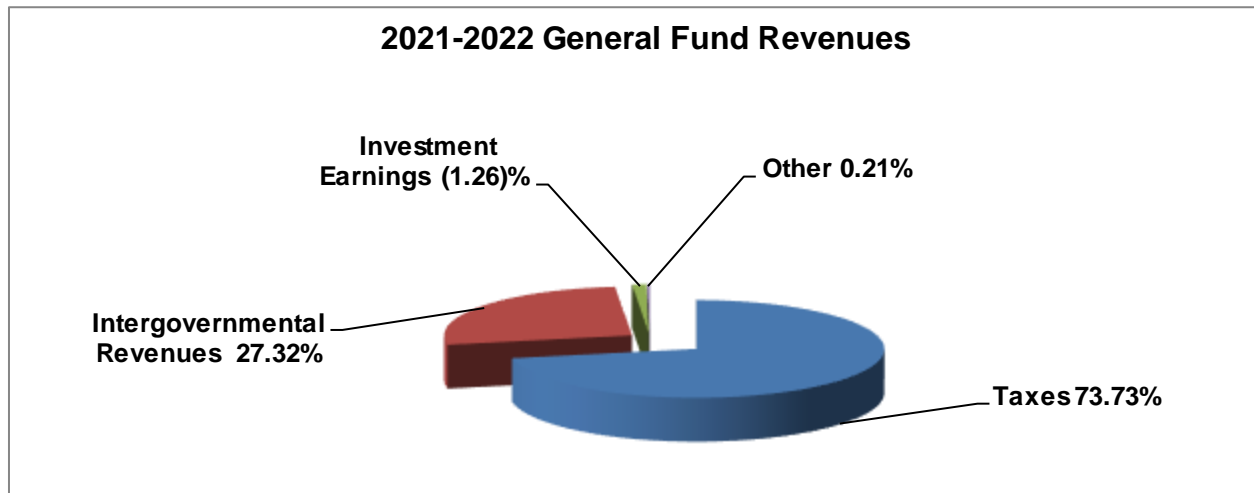
June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>Change</u>
General Fund	\$ 9,812,828	\$ 9,590,186	\$ 222,642
Capital Projects Fund	27,187,969	11,437,727	15,750,242
Public Purpose Trust Fund	19,893	17,565	2,328
	<u>\$37,020,690</u>	<u>\$21,045,478</u>	<u>\$15,975,212</u>

GENERAL FUND

The General Fund is the District's primary operating fund. At the conclusion of the 2021-2022 fiscal year, the General Fund fund balance was \$9,812,828 representing an increase of \$222,642 in relation to the prior year. The increase in the District's General Fund fund balance is due to many factors. The following analysis has been provided to assist the reader in understanding the financial activities of the General Fund during the 2021-2022 fiscal year.

The District's reliance upon tax revenues is demonstrated by the graph below that indicates 73.73% of General Fund revenues are derived from local taxes.



General Fund Revenues and Other Financing Sources

	<u>2022</u>	<u>2021</u>	<u>\$ Change</u>	<u>% Change</u>
Tax revenues	\$41,788,253	\$40,552,720	\$1,235,533	3.05
Intergovernmental revenues	15,482,043	15,251,359	230,684	1.51
Investment earnings (losses)	(716,819)	(155,371)	(561,448)	361.36
Other	120,742	109,416	11,326	10.35
	<u>\$56,674,219</u>	<u>\$55,758,124</u>	<u>\$ 916,095</u>	<u>1.64</u>

Net tax revenues increased by \$1,235,533 or 3.05%, despite only a 1.9% millage increase in 2021-2022. An increase in property assessment and collection of real estate taxes, as well as continued growth of earned income tax and real estate sales accounted for the current year increase in tax revenue. The following table summarizes the changes in the District's tax revenues for 2022 compared to 2021:

LAMPETER-STRASBURG SCHOOL DISTRICT

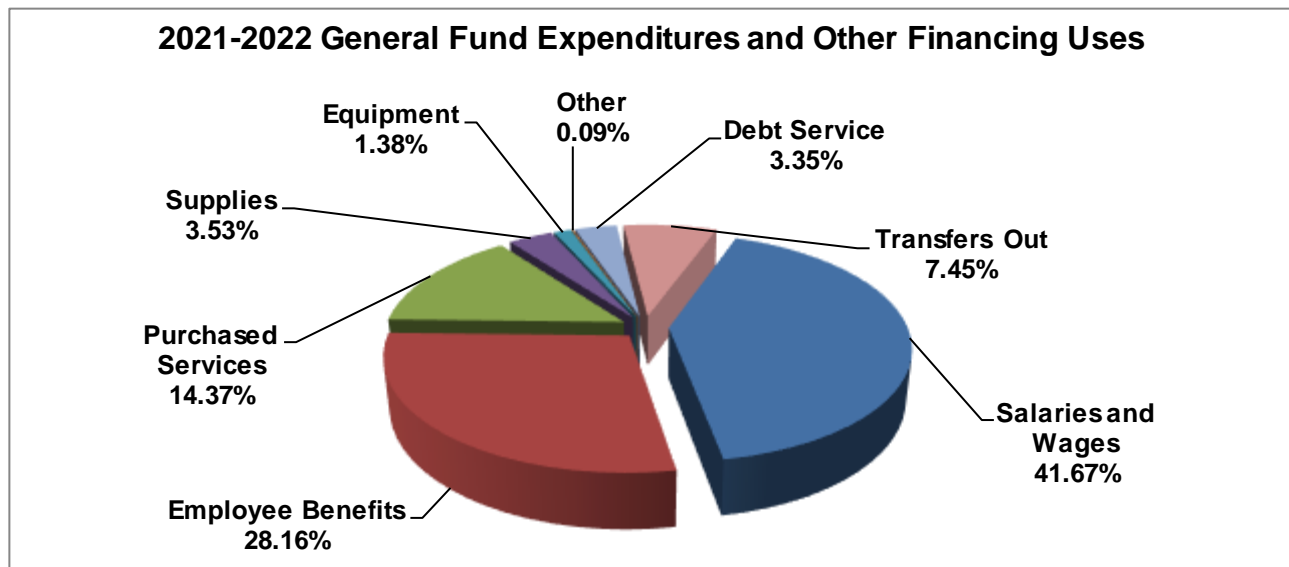
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>\$ Change</u>	<u>% Change</u>
Real estate tax	\$36,630,715	\$35,640,363	\$ 990,352	2.78
Interim tax	214,502	218,987	(4,485)	(2.05)
PURTA tax	39,753	38,286	1,467	3.83
Earned income tax	3,734,641	3,391,064	343,577	10.13
Transfer tax	581,954	587,688	(5,734)	(0.98)
Delinquent tax	586,688	676,332	(89,644)	(13.25)
	<u>\$41,788,253</u>	<u>\$40,552,720</u>	<u>\$1,235,533</u>	<u>3.05</u>

Intergovernmental revenues increased primarily due to additional governmental funding received to aid with additional costs incurred associated with the COVID-19.

As the graph below illustrates, the largest portion of General Fund expenditures are for salaries and benefits. The District is an educational service entity and as such is labor intensive.



General Fund Expenditures and Other Financing Uses

	<u>2022</u>	<u>2021</u>	<u>\$ Change</u>	<u>% Change</u>
Salaries and wages	\$23,521,850	\$22,980,979	\$ 540,871	2.35
Employee benefits	15,899,129	15,301,606	597,523	3.90
Purchased services	8,105,012	8,003,819	101,193	1.26
Supplies and energy	1,993,907	1,724,843	269,064	15.60
Equipment	781,492	437,457	344,035	78.64
Other	52,795	38,294	14,501	37.87
Debt service	1,889,317	7,052,342	(5,163,025)	(73.21)
Transfers out	4,208,075	-	4,208,075	100.00
	<u>\$56,451,577</u>	<u>\$55,539,340</u>	<u>\$ 912,237</u>	<u>1.64</u>

Employee benefits increased primarily due to an increase in the required annual retirement contribution to 34.94% from 34.51% which represents a 1.25% increase over the prior year. In addition, the increase in the medical deductible for calendar year 2022 resulted in an increase in employer HSA contributions.

Equipment purchases increased \$344,035 or 78.64% primarily due to additional governmental funding related to COVID-19 being used to purchase Chromebooks rather than leasing over several years.

LAMPETER-STRASBURG SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2022

Debt service decreased \$5,163,025 or 73.21% due to early payoff of the 2014 bond in the prior year.

Transfers out increased as the School Board appropriated Capital Projects and Food Service Fund transfers, after not doing so in the prior year due in large part for concerns related to COVID-19.

CAPITAL PROJECTS FUND

The Capital Projects Fund accounts for construction and renovation activity associated with the District's buildings and major equipment purchases. The Capital Projects Fund receives the majority of its revenues from the issuance of general obligation debt and transfers from the General Fund. During 2021-2022, the Capital Projects Fund reported an increase in fund balance of \$15,750,242 primarily due to proceeds from the issuance of debt. The remaining fund balance of \$27,187,969 as of June 30, 2022 is restricted for future capital expenditures.

GENERAL FUND BUDGET INFORMATION

Actual revenues and other financing sources were \$1,248,688 more than budgeted amounts and total General Fund expenditures and other financing uses were \$492,119 less than budgeted amounts resulting in a net positive variance of \$1,740,807. Major budgetary highlights for 2021-2022 were as follows:

- Total federal source revenues were over budget by \$1,131,452. This is primarily due to additional governmental funding received to help offset expenses related to the COVID-19, including salaries, benefits, virtual school tuition, cleaning supplies and technology needs.
- Total actual expenditures were under budget by \$332,119 and the planned use of budgetary reserves of \$480,000 were unnecessary. Expenditures were less than anticipated due to savings in the areas of salaries, medical insurance, and building, department, and manager allocations.

BUSINESS-TYPE ACTIVITIES AND FOOD SERVICE FUND

During 2021-2022, the net position of the business-type activities increased by \$1,135,344. The net position of the Food Service Fund increased by \$978,174 and the net position of the School-Age Child Care Fund increased by \$157,170. During 2022, the General Fund made a transfer of \$348,797 to the Food Service Fund to subsidize the historical operational losses in part caused by COVID-19 disruptions. As of June 30, 2022, the business-type activities had a deficit in net position of \$1,305,888 due in large part to the net pension and other post-employment benefit liabilities.

CAPITAL ASSETS

The District's net capital assets for its governmental and business-type activities as of June 30, 2022 amounted to \$42,505,773 net of accumulated depreciation. This investment in capital assets includes land and improvements, buildings and improvements, furniture and equipment and right-to-use leased assets. The total decrease in the District's net investment in capital assets for the current fiscal year was \$2,093,476 or 4.69%. The decrease was the result of current year depreciation expense in excess of capital additions. Current year depreciation expense was \$3,271,717 and capital expenditures were \$1,178,241. The major capital additions for the current year consisted of construction in progress for the early childhood building totaling \$602,176 and critical capital projects totaling \$331,073.

NONCURRENT LIABILITIES

At the end of the current fiscal year, the District had total general obligation debt of \$27,355,228 consisting of \$25,785,000 in bonds payable and \$1,570,228 in unamortized bond premiums. The entire amount is backed by the full faith and credit of the District. The District's general obligation debt increased by \$11,505,228 or 72.59% during the fiscal year.

During 2021-2022, the District issued general obligation bonds, Series of 2022 in the amount of \$13,610,000, the proceeds from which are to be used towards future capital projects.

LAMPETER-STRASBURG SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2022

State statutes limit the amount of general obligation debt the District may issue up to 225% of its borrowing base capacity which is calculated as the annual arithmetic average of the total revenues for the preceding three fiscal years. The current debt limitation for the District is \$124,443,804 which exceeds the District's outstanding general obligation debt as of June 30, 2022. The District maintains an AA rating from Standard and Poor's.

The District reports its allocated portion of its defined benefit unfunded benefit obligation related to its participation in the Pennsylvania State Employees' Retirement System ("**PSERS**"). The District's allocated portion of the net pension liability is an actuarially determined estimate of the unfunded cost of the pension plan obligation which totaled \$67,209,867 as of June 30, 2022. The District's net pension liability decreased by \$12,557,339 or 15.74% during the fiscal year.

The District reports a liability for its other post-employment benefits ("**OPEB**") related to its single employer OPEB plan and its participation in the PSERS health insurance premium assistance program. The District's net OPEB liability is an actuarially determined estimate of the unfunded cost of the total OPEB liability which totaled \$5,437,534 as of June 30, 2022. The District's net OPEB liability decreased by \$1,347,402 or 19.86% during the fiscal year.

Other noncurrent liabilities consist of the District's liabilities for leases payable, capital leases and accrued retirement bonuses, which totaled \$3,479,097 as of June 30, 2022. These liabilities decreased by \$567,128 or 14.02% during the fiscal year.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The implications of COVID-19 continue to impact the District in ways unimagined since early 2020. From online learning to deep cleaning efforts, staffing impacts and anticipated wide-spread financial declines, the District has seen the effects of this emergency. The Board has taken a cautious approach, trying to keep staffing levels as close to "normal" as possible and extending discount periods. The District is data-driven and hopes to continue gathering information as we look to build future budgets. Inflationary pressure is impacting all businesses and individuals. The District is no exception, and this will need to be an area which is closely monitored. All internal groups are aware of the concerns and continue to rise to meet the challenges.

The District adopted a 2022-2023 budget totaling \$58,301,968 including a budgeted use of fund balance of \$800,706 in General Fund fund balance as of June 30, 2022, and the real estate tax millage increased to 17.5762 mills or 1.90%.

As we have seen throughout the nation, the economic situation is having an effect on the public sector. Challenges face many school districts in Pennsylvania on a number of issues. With the passage of Act 1 of 2006, our District is faced with a cap on the amount of money that can be funded from a property tax increase without voter referendums. This cap is based upon a percentage calculated and provided annually by the Pennsylvania Department of Education. The District will face pressure to keep tax increases at or below the allowable increase for the foreseeable future.

In addition to demonstrating proficiency of the Pennsylvania Core and Academic Standards, our District is faced with additional challenges from the mandates imposed by the Federal government through the reauthorization of the Elementary and Secondary Education Act, or Every Student Succeeds Act ("**ESSA**"). ESSA has far-reaching requirements on standardized testing; reporting academic performance; adequate yearly progress goals; teacher qualifications, certifications, and training; disaggregation of student achievement data; the education of English Language Learners and extensive reporting to the community. It will require a continued, and possibly greater, emphasis on investment in curricular materials, staff development, and communication to comply with ESSA's mandates.

Many school districts face the common problem of escalating costs for employee benefits, particularly the retirement expenses of the Public School Employees' Retirement System ("**PSERS**") and, as in the case for our District, self-insured healthcare costs. Both of these costs are set by outside influences and, therefore, are not discretionary costs that can be controlled by District management.

LAMPETER-STRASBURG SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2022

Market performance of the invested PSERS funds have resulted in estimated increases that will affect our employer contributions for years to come. While the actual effect of the current market has yet to be determined, higher employer costs in the short term and high rates into the future are being planned for by the District through the use of an assigned fund balance integrated with millage increases. This condition has had an alarming effect on school district budgeting across the Commonwealth and has led to significant reductions in programs and services. The portion of funds assigned in the District's fund balance to be used to contain the projected increases in the employer share of PSERS will not be enough to alleviate the problem, but it will allow the District to prudently plan for any potential changes. The District is fortunate to have anticipated the looming crisis and fortunate to have assigned funds to help lessen the dramatic impact that other school districts may experience.

The Commonwealth has attempted to lessen the burden of the Public School Employees' Retirement System ("**PSERS**") and reduce benefits for individuals who become new members of PSERS. However, the employer contribution rate for 2022-2023 is 35.26%, which is an increase of 0.92% from the 2021-2022 employer contribution rate of 34.94%. The employer contribution rate for 2023-2024 is projected at 35.69% and expected to continue to climb to 36.02% in 2024-2025.

Today's extremely competitive job market is also impacting the District with numerous positions unfilled. With low unemployment levels and private business raising hourly rates exponentially, the District will face many challenges to remain competitive in this market. The Administration and Board will continue to look forward to ensure the District remains an employer of choice.

The costs of medical benefits will continue to have an effect on the District budget, as the District continues to offer a competitive benefits package to employees through the District's self-insured plan. The District continues to implement various strategies to lower the pace of medical inflation.

Maintaining an appropriate physical environment for learning requires investment in the construction, expansion, and renovation of school facilities. This is a well-planned and ongoing process in our District, accompanied by constant monitoring of enrollment trends and financial implications for the District. The District recently completed a comprehensive Feasibility Study looking at every building, the educational delivery system and growth projections. This Study included many recommendations addressing campus safety, large and small renovations and a new Kindergarten/Early Childhood Center. This new building is anticipated to break ground in the coming weeks. The Board of School Directors approved the study but continues to monitor the economic climate and discuss options. Further details of the Study and recommendations may be found on the District website at <https://www.lspioneers.org/Departments/Buildings-And-Grounds/Feasibility-Study/>.

In conclusion, the District has committed itself to financial and educational excellence for the future. The District's systems of budgeting and internal controls are well regarded and consistently followed. Continued diligence in all financial matters will be a key component of continued financial performance well into the future.

CONTACTING THE DISTRICT FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Manager, Lampeter-Strasburg School District, P.O. Box 428, Lampeter, PA 17537.

LAMPETER-STRASBURG SCHOOL DISTRICT

STATEMENT OF NET POSITION (DEFICIT)

June 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
CURRENT ASSETS			
Cash and cash equivalents	\$ 16,527,833	\$ 590,961	\$ 17,118,794
Investments	25,843,180	111,938	25,955,118
Taxes receivable	1,239,279	-	1,239,279
Due from other governments	2,635,274	51,513	2,686,787
Internal balances	(152,141)	152,141	-
Other receivables	158,889	-	158,889
Inventories	68,449	112,789	181,238
Prepaid expenditures	24,865	-	24,865
Total current assets	46,345,628	1,019,342	47,364,970
NONCURRENT ASSETS			
Capital assets, net	42,332,057	173,716	42,505,773
Total assets	88,677,685	1,193,058	89,870,743
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges - pension	11,646,264	392,797	12,039,061
Deferred charges - OPEB	1,364,953	30,696	1,395,649
Deferred amounts on debt refunding	3,661	-	3,661
Total deferred outflows of resources	13,014,878	423,493	13,438,371
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)			
CURRENT LIABILITIES			
Accounts payable	707,400	-	707,400
Accrued salaries, payroll withholdings and benefits	6,343,481	17,219	6,360,700
Due to other governments	276,920	-	276,920
Accrued interest payable	101,763	-	101,763
Unearned revenue	24,858	79,102	103,960
Total current liabilities	7,454,422	96,321	7,550,743
NONCURRENT LIABILITIES			
Due within one year	2,337,870	-	2,337,870
Due in more than one year	98,824,336	2,319,520	101,143,856
Total noncurrent liabilities	101,162,206	2,319,520	103,481,726
Total liabilities	108,616,628	2,415,841	111,032,469
DEFERRED INFLOWS OF RESOURCES			
Deferred credits - pension	12,299,184	414,816	12,714,000
Deferred credits - OPEB	1,374,745	91,782	1,466,527
Total deferred outflows of resources	13,673,929	506,598	14,180,527
NET POSITION (DEFICIT)			
Net investment in capital assets	40,149,986	173,716	40,323,702
Restricted	3,020,377	-	3,020,377
Unrestricted (deficit)	(63,768,357)	(1,479,604)	(65,247,961)
Total net position (deficit)	\$ (20,597,994)	\$ (1,305,888)	\$ (21,903,882)

See accompanying notes

LAMPETER-STRASBURG SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year ended June 30, 2022

		Program Revenues			Net (Expense) Revenue and Changes in Net Position (Deficit)		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
	Expenses						
GOVERNMENTAL ACTIVITIES							
Instruction	\$ 33,063,557	\$ 96,681	\$ 6,402,197	\$ -	\$ (26,564,679)	\$ -	\$ (26,564,679)
Instructional student support	3,487,223	-	1,469,333	-	(2,017,890)	-	(2,017,890)
Administrative and financial support services	5,342,548	-	512,050	-	(4,830,498)	-	(4,830,498)
Operation and maintenance of plant services	3,976,473	19,394	279,156	-	(3,677,923)	-	(3,677,923)
Pupil transportation	1,902,619	-	805,648	-	(1,096,971)	-	(1,096,971)
Student activities	1,359,612	107,545	104,207	-	(1,147,860)	-	(1,147,860)
Community services	6,000	-	-	-	(6,000)	-	(6,000)
Interest and amortization expense related to noncurrent liabilities	286,770	-	260,232	-	(26,538)	-	(26,538)
Total governmental activities	<u>49,424,802</u>	<u>223,620</u>	<u>9,832,823</u>	<u>-</u>	<u>(39,368,359)</u>	<u>-</u>	<u>(39,368,359)</u>
BUSINESS-TYPE ACTIVITIES							
Food service	1,863,404	335,998	2,156,757	-	-	629,351	629,351
Child care	387,350	404,977	139,376	-	-	157,003	157,003
Total business-type activities	<u>2,250,754</u>	<u>740,975</u>	<u>2,296,133</u>	<u>-</u>	<u>-</u>	<u>786,354</u>	<u>786,354</u>
Total primary government	<u>\$ 51,675,556</u>	<u>\$ 964,595</u>	<u>\$ 12,128,956</u>	<u>\$ -</u>	<u>(39,368,359)</u>	<u>786,354</u>	<u>(38,582,005)</u>
GENERAL REVENUES							
Property taxes levied for general purposes					38,069,983	-	38,069,983
Other taxes levied for general purposes					4,316,596	-	4,316,596
Grants and entitlements not restricted to specific programs					4,916,707	-	4,916,707
Investment earnings (losses)					(673,623)	193	(673,430)
TRANSFERS					<u>(348,797)</u>	<u>348,797</u>	<u>-</u>
Total general revenues and transfers					<u>46,280,866</u>	<u>348,990</u>	<u>46,629,856</u>
CHANGE IN NET POSITION (DEFICIT)					6,912,507	1,135,344	8,047,851
NET POSITION (DEFICIT)							
Beginning of year					<u>(27,510,501)</u>	<u>(2,441,232)</u>	<u>(29,951,733)</u>
End of year					<u>\$ (20,597,994)</u>	<u>\$ (1,305,888)</u>	<u>\$ (21,903,882)</u>

See accompanying notes

LAMPETER-STRASBURG SCHOOL DISTRICT**BALANCE SHEET - GOVERNMENTAL FUNDS**

June 30, 2022

	Major Funds			
	General Fund	Capital Projects Fund	Public Purpose Trust	Total
ASSETS				
Cash and cash equivalents	\$ 4,098,257	\$ 11,649,754	\$ 19,893	\$ 15,767,904
Investments	8,989,026	15,563,527	-	24,552,553
Taxes receivable, net	1,239,279	-	-	1,239,279
Due from other funds	104,433	-	-	104,433
Due from other governments	2,635,274	-	-	2,635,274
Other receivables	54,456	-	-	54,456
Inventories	68,449	-	-	68,449
Prepaid expenditures	24,865	-	-	24,865
Total assets	\$ 17,214,039	\$ 27,213,281	\$ 19,893	\$ 44,447,213
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 326,701	\$ 25,312	\$ -	\$ 352,013
Due to other funds	152,141	-	-	152,141
Accrued salaries, payroll withholdings and benefits	6,343,481	-	-	6,343,481
Due to other governments	276,920	-	-	276,920
Unearned revenue	30,415	-	-	30,415
Total liabilities	7,129,658	25,312	-	7,154,970
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - property and per capita taxes	271,553	-	-	271,553
FUND BALANCES				
Nonspendable				
Inventories	68,449	-	-	68,449
Prepaid expenditures	24,865	-	-	24,865
Restricted for				
Capital projects	-	27,187,969	-	27,187,969
Student organizations	-	-	19,893	19,893
Assigned to				
Employer retirement rate stabilization	1,111,500	-	-	1,111,500
Property tax assessment appeals	171,710	-	-	171,710
Technology initiatives	32,005	-	-	32,005
Capital projects	1,700,000	-	-	1,700,000
Unassigned	6,704,299	-	-	6,704,299
Total fund balances	9,812,828	27,187,969	19,893	37,020,690
Total liabilities, deferred inflows of resources and fund balances	\$ 17,214,039	\$ 27,213,281	\$ 19,893	\$ 44,447,213

See accompanying notes

LAMPETER-STRASBURG SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET POSITION (DEFICIT)

June 30, 2022

TOTAL GOVERNMENTAL FUND BALANCES	\$ 37,020,690
Amounts reported for governmental activities in the statement of net position (deficit) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet.	42,332,057
Deferred outflows of resources for deferred amounts on debt refunding are currently expended in the governmental funds, whereas they are capitalized and amortized over the life of the respective debt in the government-wide statement of net position (deficit).	3,661
Deferred outflows of resources and deferred inflows of resources related to pensions and other post-employment benefits are not reported as assets and liabilities in the governmental funds balance sheet.	(662,712)
Some of the District's property taxes and certain other receivables will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources on the governmental funds balance sheet.	277,110
The Internal Service Fund is used by management to charge the cost of health insurance claims to the General Fund. The assets and liabilities of the District's Internal Service Fund are included in the governmental activities on the government-wide statement of net position (deficit).	1,695,169
Noncurrent liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds balance sheet.	(101,162,206)
Accrued interest payable on long-term liabilities is included in the statement of net position (deficit), but is excluded from the governmental funds balance sheet until due and payable.	<u>(101,763)</u>
NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES	<u>\$ (20,597,994)</u>

LAMPETER-STRASBURG SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Year ended June 30, 2022

	Major Funds			
	General Fund	Capital Projects Fund	Public Purpose Trust	Total
REVENUES				
Local sources	\$ 41,393,472	\$ 41,641	\$ 2,328	\$ 41,437,441
State sources	13,129,342	-	-	13,129,342
Federal sources	2,140,105	-	-	2,140,105
Total revenues	<u>56,662,919</u>	<u>41,641</u>	<u>2,328</u>	<u>56,706,888</u>
EXPENDITURES				
Current				
Instruction	33,754,737	-	-	33,754,737
Support services	15,433,702	184,247	-	15,617,949
Operation of noninstructional services	1,119,136	-	-	1,119,136
Facilities acquisition, construction and improvement services	46,610	1,098,458	-	1,145,068
Debt service	1,889,317	2,048,200	-	3,937,517
Total expenditures	<u>52,243,502</u>	<u>3,330,905</u>	<u>-</u>	<u>55,574,407</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>4,419,417</u>	<u>(3,289,264)</u>	<u>2,328</u>	<u>1,132,481</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of bonds	-	13,610,000	-	13,610,000
Proceeds from bond premiums	-	1,570,228	-	1,570,228
Proceeds from sale of capital assets	11,300	-	-	11,300
Transfers in	-	3,888,075	-	3,888,075
Transfers out	(4,208,075)	(28,797)	-	(4,236,872)
Total other financing sources (uses)	<u>(4,196,775)</u>	<u>19,039,506</u>	<u>-</u>	<u>14,842,731</u>
NET CHANGE IN FUND BALANCES	222,642	15,750,242	2,328	15,975,212
FUND BALANCES				
Beginning of year	<u>9,590,186</u>	<u>11,437,727</u>	<u>17,565</u>	<u>21,045,478</u>
End of year	<u>\$ 9,812,828</u>	<u>\$ 27,187,969</u>	<u>\$ 19,893</u>	<u>\$ 37,020,690</u>

See accompanying notes

LAMPETER-STRASBURG SCHOOL DISTRICT

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO CHANGE IN NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF ACTIVITIES

Year ended June 30, 2022

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS		\$ 15,975,212
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Amounts reported for governmental activities in the statement of activities are different because:

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

Capital outlay expenditures	\$ 1,149,443	
Amortization expense for right-to-use leased assets	(35,858)	
Depreciation expense	<u>(3,207,936)</u>	(2,094,351)

Because some property taxes and certain other receivables will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred inflows of resources decreased by this amount in the current period.

Deferred inflows of resources June 30, 2021	(310,741)	
Deferred inflows of resources June 30, 2022	<u>277,110</u>	(33,631)

The Internal Service Fund is used by management to charge the cost of health insurance claims to the General Fund. The change in net position of the Internal Service Fund is reported with the governmental activities.

130,572

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on the change in net position of governmental activities. Also, governmental funds report the effect of premiums, discounts and similar items when long-term debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Repayment of bonds and notes payable	3,675,000	
Issuance of debt	(13,610,000)	
Proceeds from bond premiums	(1,570,228)	
Repayment of extended term financing	307,613	
Amortization of premiums and deferred amounts on refunding	<u>(1,431)</u>	(11,199,046)

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

Current year change in accrued interest payable	(22,822)	
Change in net pension liability and related deferred inflows and outflows	3,777,305	
Current year change in accrued retirement bonuses	256,571	
Change in net OPEB liability and related deferred inflows and outflows	<u>122,697</u>	4,133,751

CHANGE IN NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES		<u>\$ 6,912,507</u>
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See accompanying notes

LAMPETER-STRASBURG SCHOOL DISTRICT

STATEMENT OF NET POSITION (DEFICIT) - PROPRIETARY FUNDS

June 30, 2022

	Major Funds			
	Food Service Fund	School-Age Child Care Fund	Total	Internal Service Fund
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
Cash and cash equivalents	\$ 350,083	\$ 240,878	\$ 590,961	\$ 759,929
Investments	-	111,938	111,938	1,290,627
Due from other governments	51,513	-	51,513	-
Due from other funds	117,268	34,873	152,141	-
Other receivables	-	-	-	104,433
Inventories	112,789	-	112,789	-
Total current assets	631,653	387,689	1,019,342	2,154,989
NONCURRENT ASSETS				
Capital assets, net	173,716	-	173,716	-
Total assets	805,369	387,689	1,193,058	2,154,989
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges - pension	275,158	117,639	392,797	-
Deferred charges - OPEB	5,892	24,804	30,696	-
Total deferred outflows of resources	281,050	142,443	423,493	-
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)				
CURRENT LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 355,387
Due to other funds	-	-	-	104,433
Accrued salaries, payroll withholdings and benefits	17,219	-	17,219	-
Unearned revenue	79,102	-	79,102	-
Total current liabilities	96,321	-	96,321	459,820
NONCURRENT LIABILITIES				
Due within one year	-	-	-	-
Due in more than one year	1,605,063	714,457	2,319,520	-
Total noncurrent liabilities	1,605,063	714,457	2,319,520	-
Total liabilities	1,701,384	714,457	2,415,841	459,820
DEFERRED INFLOWS OF RESOURCES				
Deferred charges - pension	290,583	124,233	414,816	-
Deferred charges - OPEB	86,006	5,776	91,782	-
Total deferred inflows of resources	376,589	130,009	506,598	-
NET POSITION (DEFICIT)				
Net investment in capital assets	173,716	-	173,716	-
Unrestricted (deficit)	(1,165,270)	(314,334)	(1,479,604)	1,695,169
Total net position (deficit)	\$ (991,554)	\$ (314,334)	\$ (1,305,888)	\$ 1,695,169

See accompanying notes

LAMPETER-STRASBURG SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (DEFICIT) - PROPRIETARY FUNDS

Year ended June 30, 2022

	Major Funds			
	Food Service Fund	School-Age Child Care Fund	Total	Internal Service Fund
OPERATING REVENUES				
Charges for services	\$ 335,998	\$ 404,977	\$ 740,975	\$ 5,219,314
OPERATING EXPENSES				
Salaries	580,979	264,299	845,278	-
Employee benefits	202,176	97,742	299,918	5,090,293
Purchased professional and technical services	54,678	1,719	56,397	-
Supplies	997,648	23,590	1,021,238	-
Depreciation	27,923	-	27,923	-
Total operating expenses	<u>1,863,404</u>	<u>387,350</u>	<u>2,250,754</u>	<u>5,090,293</u>
Operating income (loss)	<u>(1,527,406)</u>	<u>17,627</u>	<u>(1,509,779)</u>	<u>129,021</u>
NONOPERATING REVENUES				
Earnings on investments	26	167	193	1,551
State sources	173,531	48,584	222,115	-
Federal sources	1,983,226	90,792	2,074,018	-
Total nonoperating revenues	<u>2,156,783</u>	<u>139,543</u>	<u>2,296,326</u>	<u>1,551</u>
CHANGE IN NET POSITION (DEFICIT) BEFORE TRANSFERS	629,377	157,170	786,547	130,572
TRANSFERS IN	<u>348,797</u>	<u>-</u>	<u>348,797</u>	<u>-</u>
CHANGE IN NET POSITION (DEFICIT)	978,174	157,170	1,135,344	130,572
NET POSITION (DEFICIT)				
Beginning of year	<u>(1,969,728)</u>	<u>(471,504)</u>	<u>(2,441,232)</u>	<u>1,564,597</u>
End of year	<u>\$ (991,554)</u>	<u>\$ (314,334)</u>	<u>\$ (1,305,888)</u>	<u>\$ 1,695,169</u>

See accompanying notes

LAMPETER-STRASBURG SCHOOL DISTRICT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

Year ended June 30, 2022

	Major Funds			Internal
	Food Service Fund	School-Age Child Care Fund	Total	Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from charges for services	\$ 323,726	\$ 404,339	\$ 728,065	\$ -
Cash received from assessments made to other funds	-	-	-	5,219,314
Cash payments to employees for services	(1,365,191)	(419,951)	(1,785,142)	-
Cash payments for insurance claims	-	-	-	(5,219,314)
Cash payments to supplies for goods and services	(966,787)	(26,126)	(992,913)	-
Net cash used for operating activities	(2,008,252)	(41,738)	(2,049,990)	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State sources	173,254	48,584	221,838	-
Federal sources	1,848,292	90,792	1,939,084	-
Net cash provided by noncapital financing activities	2,021,546	139,376	2,160,922	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(28,798)	-	(28,798)	-
Transfers in	348,797	-	348,797	-
Net cash provided by capital and related financing activities	319,999	-	319,999	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Earnings on investments	26	167	193	1,551
Net sale (purchase) of investments	-	(121)	(121)	(1,386)
Net cash provided by investing activities	26	46	72	165
Net increase in cash	333,319	97,684	431,003	165
CASH				
Beginning of year	16,764	143,194	159,958	759,764
Ending of year	\$ 350,083	\$ 240,878	\$ 590,961	\$ 759,929
Reconciliation of operating loss to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (1,527,406)	\$ 17,627	\$ (1,509,779)	\$ 129,021
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities				
Depreciation	27,923	-	27,923	-
Donated commodities used	119,281	-	119,281	-
(Increase) decrease in				
Due from other funds	(7,525)	(638)	(8,163)	-
Other receivables	-	-	-	362,357
Inventories	(33,742)	-	(33,742)	-
Increase (decrease) in				
Accounts payable	-	(817)	(817)	(129,021)
Due to other funds	(423,755)	3,787	(419,968)	(362,357)
Accrued salaries, payroll withholdings and benefits	2,057	(270)	1,787	-
Unearned revenue	(4,747)	-	(4,747)	-
Noncurrent liabilities and deferred charges and credits	(160,338)	(61,427)	(221,765)	-
Net cash used for operating activities	\$ (2,008,252)	\$ (41,738)	\$ (2,049,990)	\$ -
SUPPLEMENTAL DISCLOSURE				
Noncash noncapital financing activity				
USDA donated commodities	\$ 119,281	\$ -	\$ 119,281	\$ -

See accompanying notes

LAMPETER-STRASBURG SCHOOL DISTRICT

STATEMENT OF NET POSITION - FIDUCIARY FUNDS

June 30, 2022

	Private- Purpose Trust	Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 186,412	\$ 127,775
Accounts receivable	<u>-</u>	<u>1,000</u>
Total assets	<u>186,412</u>	<u>128,775</u>
LIABILITIES		
Accounts payable	<u>-</u>	<u>2,384</u>
NET POSITION		
Restricted for student activities	-	126,391
Net position held in trust for scholarships	<u>186,412</u>	<u>-</u>
Total net position	<u>\$ 186,412</u>	<u>\$ 126,391</u>

See accompanying notes

LAMPETER-STRASBURG SCHOOL DISTRICT

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS

Year ended June 30, 2022

	Private- Purpose Trust	Custodial Funds
ADDITIONS		
Receipts from student groups	\$ -	\$ 314,364
Local contributions	2,500	-
Investment earnings	50	37
Total additions	<u>2,550</u>	<u>314,401</u>
DEDUCTIONS		
Student activity disbursements	-	308,336
Scholarships awarded and fees paid	8,977	-
Total deductions	<u>8,977</u>	<u>308,336</u>
CHANGE IN NET POSITION	(6,427)	6,065
NET POSITION		
Beginning of year	<u>192,839</u>	<u>120,326</u>
End of year	<u>\$ 186,412</u>	<u>\$ 126,391</u>

See accompanying notes

LAMPETER-STRASBURG SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Lampeter-Strasburg School District (the "***District***") operates two elementary schools, one middle school and a high school to provide education and related services to the residents in the Townships of Strasburg and West Lampeter and the Borough of Strasburg. The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provisions of the School Laws of Pennsylvania as a school district of the third class. The District operates under a locally elected nine-member board form of government (the "***School Board***").

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

Reporting Entity

GASB has established the criteria for determining the activities, organizations and functions of government to be included in the financial statements of the reporting entity. In evaluating the District as a reporting entity, management has addressed all potential component units which may or may not fall within the District's accountability. The criteria used to evaluate component units for possible inclusion as part of the District's reporting entity are financial accountability and the nature and significance of the relationship. The District is considered to be an independent reporting entity and has no component units.

Basis of Presentation

Government-Wide Financial Statements

The statement of net position (deficit) and the statement of activities display information about the District as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities. These statements include the financial activities of the primary government except for fiduciary funds.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of the related cash flows. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared as further defined below. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements of governmental funds.

The government-wide statement of net position (deficit) presents the financial position of the District which is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources and is classified in one of three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowing attributable to acquiring, constructing or improving those assets. The net position of the District is reported as restricted when constraints placed on net position use is either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position is the net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

The statement of net position (deficit) includes separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until that time. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

LAMPETER-STRASBURG SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

The government-wide statement of activities presents a comparison between expenses and program revenues for each function of the business-type activities of the District and for each governmental function. Expenses are those that are specifically associated with a service or program and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each function is self-financing or draws from the general revenues of the District.

Except for interfund activity and balances between the funds that underlie governmental activities and the funds that underlie business-type activities, which are reported as transfers and internal balances, the effect of interfund activity has been removed from these statements.

Fund Financial Statements

During the school year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Fiduciary fund financial statements are presented by fund type.

Governmental Funds

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. The District reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Capital Projects Fund accounts for financial resources restricted, committed or assigned to be used for capital expenditures or for the acquisition, construction of capital facilities, improvements and/or equipment.

Revenue Recognition

In applying the "susceptible to accrual concept" under the modified accrual basis, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers tax revenue to be available if collected within 60 days of the end of the fiscal period. Deferred inflows of resources are reported in connection with receivables for tax revenues that are not considered to be available to liquidate liabilities of the current period. Revenue from federal, state and other grants designated for payment of specific District expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are reported as unearned revenues until earned. Other receipts are recorded as revenue when received in cash because they are generally not measurable until actually received.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, special termination benefits, other post-employment benefits and claims and judgments are recorded only when payment is due. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

LAMPETER-STRASBURG SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

Proprietary Funds

Like the government-wide financial statements, proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when they are earned and expenses are recognized when they are incurred. Allocations of certain costs, such as depreciation, are recorded in proprietary funds. The District reports the following proprietary funds:

The Food Service Fund accounts for the revenues and costs of providing meals to students during the school year.

The School-Age Child Care Fund accounts for tuition revenue and program expenses for a program designed to provide care for students after school hours.

The Internal Service Fund is used to account for hospitalization costs which are services provided to the District's employees as benefits.

These funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. The principal operating revenues of the District's proprietary funds are charges for services. Operating expenses for the District's proprietary funds include payroll, employee benefits, supplies and administrative costs. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary Funds

Fiduciary funds reporting focuses on net assets and changes in net assets and are accounted for using the economic resources measurement focus and the accrual basis of accounting. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. The private-purpose trust fund accounts for activities in various scholarship accounts, whose sole purpose is to provide annual scholarships to particular students as described by donor stipulations. Custodial funds are used to account for assets held on behalf of individuals and/or government units and are, therefore, not available to support the District's own programs. The District has one custodial fund consisting of funds held on behalf of the students.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments are stated at fair value based upon quoted market prices, except for certificates of deposit which are recorded at cost which approximates fair value.

Fair Value Measurements of Assets and Liabilities

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the District. Unobservable inputs reflect the District's assumptions about the inputs market participants would use in pricing the asset or liability based on the best information available in the circumstances.

LAMPETER-STRASBURG SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that the District has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not require a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable, that is, inputs that reflect the District's own assumptions.

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/due from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Property Taxes

Taxes are levied on July 1 and are payable in the following periods:

July 1 – September 30	- Discount period, 2% of gross levy
October 1 – December 31	- Face period
January 1	- Lien date

The County Board of Assessments determines assessed valuations of property and the District bills and collects its own property taxes. The tax on real estate for public school purposes for fiscal 2021-2022 was 17.2485 mills (\$17.25 for \$1,000 of assessed valuation). The District experiences very small losses from uncollectible property taxes. Property taxes constitute a lien against real property and usually can be collected in full when title transfers. The District has no property taxes receivable greater than 3 years old.

Taxpayers within the District have the option of paying in three installments. These installments have the following due dates:

Installment One	- September 30
Installment Two	- November 15
Installment Three	- December 31

The discount (two percent) is not applicable to installment payments.

Unearned Revenues

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

Prepaid Items and Inventories

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide and fund financial statements.

All inventories are valued at the lower of cost (first-in, first-out method) or market.

LAMPETER-STRASBURG SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed, inclusive of ancillary costs.

Property, plant and equipment (net of salvage value) of the District is depreciated using the straight-line method over the following estimated useful lives: buildings – 40 years; building improvements – 20 years; land improvements – 20 years; furniture, fixtures and equipment – 5-12 years; vehicles – 5-10 years.

Impairment of Long-Lived Assets

The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset is generally considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstances is outside the normal life cycle of the capital asset. If a capital asset is considered to be impaired, the amount of impairment is measured by the method that most reflects the decline in service utility of the capital asset at the lower of carrying value or fair value for impaired capital assets that will no longer be used by the District. No impairment losses were recognized in the year ended June 30, 2022.

Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bonds payable are reported net of the applicable bond premium or discount. Bond premiums and discounts are deferred and amortized over the life of the bonds. Deferred amounts on refunding are recorded as a deferred outflow of resources and amortized over the life of the old debt or the life of the new debt, whichever is shorter. All amounts are amortized using the straight-line method.

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

Fund Equity

As prescribed by GASB, governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. The District reports the following fund balance classifications:

Non-spendable

Non-spendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form – such as inventory or prepaid insurance or (b) legally or contractually required to be maintained intact – such as a trust that must be retained in perpetuity.

LAMPETER-STRASBURG SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

Restricted

Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed

Committed fund balances are amounts that can only be used for specific purposes determined by a formal action of the District's highest level of decision-making authority, the School Board. Committed amounts cannot be used for any other purpose unless the School Board removes those constraints by taking the same type of formal action (e.g., resolution).

Assigned

Assigned fund balances are amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Business Manager or (b) an appointed body (e.g., finance committee) or (c) an official to which the District has delegated the authority to assign, modify or rescind amounts to be used for specific purposes. Assigned fund balance includes (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as non-spendable, restricted or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue fund or the capital projects fund are assigned for purposes in accordance with the nature of their fund type.

Unassigned

Unassigned fund balance is the residual classification for the General Fund. This classification represents General Fund balance that has not been assigned to other funds, and that has not been restricted, committed or assigned to specific purposes within the General Fund.

When both restricted and unrestricted resources are available for use, it is the District's policy to use externally restricted resources first, then unrestricted resources—committed, assigned or unassigned—in order as needed.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Implementation of New Accounting Pronouncements

Effective July 1, 2021, the District adopted the provisions of GASB Statement No. 87 "Leases", GASB Statement No. 89, "Accounting for Interest Cost Incurred Before the End of a Construction Period"; GASB Statement No. 91, "Conduit Debt Obligations", and GASB Statement No. 92, "Omnibus 2020".

The objective of GASB Statement No. 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. GASB Statement No. 87 increases the usefulness of financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB Statement No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities. As a result of the implementation of Statement No. 87, the District recognized its right-to-use lease assets and corresponding liabilities for the year ended June 30, 2022.

LAMPETER-STRASBURG SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

The objectives of GASB Statement No. 89 are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. GASB Statement No. 89 establishes accounting required for interest cost incurred before the end of a construction period. Such interest costs include all interest that previously was accounted for in accordance with the requirements of GASB Statement No. 62, *"Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements"*, which are superseded by GASB Statement No. 89. GASB Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. GASB Statement No. 89 also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with government fund accounting principles. The implementation of GASB Statement No. 89 had no impact on the financial statements of the District for the year ended June 30, 2022.

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The implementation of GASB Statement No. 91 had no impact on the District's financial statements for the year ended June 30, 2022.

GASB Statement No. 92 addresses a variety of topics to enhance comparability in accounting and financial reporting and improve consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of GASB Statement No. 92 had no impact on the District's financial statements for the year ended June 30, 2022.

New Accounting Pronouncements

GASB Statement No. 94, *"Public-Private and Public-Public Partnerships and Availability Payment Arrangements"* will be effective for the District for the year ended June 30, 2023. GASB Statement No. 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (**"PPP"s**). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

GASB Statement No. 96, *"Subscription-Based Information Technology Arrangements"* will be effective for the District for the year ended June 30, 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (**"SBITA"s**) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

LAMPETER-STRASBURG SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

An annual budget is adopted prior to the beginning of each year for the General Fund on a modified accrual basis of accounting. The General Fund is the only fund for which a budget is legally required, although project-length financial plans are adopted for the Capital Projects fund.

The District is required to publish notice by advertisement at least once in a newspaper of general circulation in the municipalities in which it is located, and within 20 days of final action, that the proposed budget has been prepared and is available for public inspection at the administrative offices of the District. Notice that public hearings will be held on the proposed operating budget must be included in the advertisement; such hearings are required to be scheduled at least 10 days prior to when final action on adoption is taken by the School Board.

After the legal adoption of the budget, the School Board is required to file a copy of the budget with the Pennsylvania Department of Education by July 31. Additional copies of the budget also are required to be filed with the House Education Committee and the Senate Education Committee by September 15.

Legal budgetary control is maintained at the sub-function/major object level. The School Board may make transfers of funds appropriated in any particular item of expenditure by legislative action in accordance with Pennsylvania School Code. Management may amend the budget at the sub-function/sub-object level without approval from the School Board. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effect of approved budget amendments.

(3) DEPOSITS AND INVESTMENTS

State statutes authorize the District to invest in U.S. Treasury bills, time or share accounts of institutions insured by the Federal Deposit Insurance Corporation or in certificates of deposit when they are secured by proper bond or collateral, repurchase agreements, state treasurer's investment pools or mutual funds.

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. At June 30, 2022, the carrying amount of the District's deposits was \$17,432,981 and the bank balance was \$17,667,526. The District is required by state statute to deposit funds in depositories that are either banks, banking institutions or trust companies located in Commonwealth of Pennsylvania. To the extent that such deposits exceed federal insurance, the depositories must pledge as collateral obligations of the United States, Commonwealth of Pennsylvania or any political subdivision. Under Act 72 of 1971, as amended, the depositories may meet this collateralization requirement by pooling appropriate securities to cover all public funds on deposit. Of the bank balance, \$250,000 was covered by federal depository insurance and \$10,222,577 was collateralized by the District's depositories in accordance with Act 72. The remaining cash deposits of the District are in the Pennsylvania School District Liquid Asset Fund ("**PSDLAF**"). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PSDLAF acts like a money market mutual fund in that its objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized statistical rating organization and is subject to an independent annual audit. As of June 30, 2022, PSDLAF was rated as AAA by a nationally recognized statistical rating agency.

LAMPETER-STRASBURG SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

Investments

As of June 30, 2022, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>			
		<u>Less than 1</u>	<u>1 – 5</u>	<u>6 – 10</u>	<u>11 – 15</u>
Certificates of deposit	\$ 2,081,193	\$ -	\$ 2,081,193	\$ -	\$ -
U.S. Treasury and agency securities	<u>13,926,833</u>	<u>-</u>	<u>11,362,789</u>	<u>2,564,044</u>	<u>-</u>
	<u>\$16,008,026</u>	<u>\$ -</u>	<u>\$13,443,982</u>	<u>\$2,564,044</u>	<u>\$ -</u>

U.S. Treasury and agency securities were valued using Level 2 inputs.

Reconciliation of Investments to the Financial Statements

Total investments above	\$16,008,026
Time deposits classified as investments on balance sheet	<u>9,947,092</u>
Total investments per financial statements	<u>\$25,955,118</u>

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of the investments or collateral security that are in the possession of an outside party. The District had no investments subject to custodial credit risk as of June 30, 2022.

Interest Rate Risk

The District's investment policy limits investment maturities in accordance with state statutes as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2022, the District was subject to interest rate risk to the extent interest rate changes impact the District's investments.

Credit Risk

The District's investment policy limits its investments that are not backed by the "full faith and credit" of the federal and state government to those with the highest credit rating available for such investments issued by a recognized statistical rating organization.

(4) CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated				
Land and improvements	\$ 6,159,900	\$ -	\$ -	\$ 6,159,900
Construction in progress	<u>483,560</u>	<u>1,046,949</u>	<u>-</u>	<u>1,530,509</u>
Total capital assets not being depreciated	<u>6,643,460</u>	<u>1,046,949</u>	<u>-</u>	<u>7,690,409</u>
Capital assets being depreciated				
Buildings and improvements	89,022,906	-	-	89,022,906
Furniture and equipment	5,055,679	102,494	210,013	4,948,160
Right-to-use leased equipment	<u>179,290</u>	<u>-</u>	<u>-</u>	<u>179,290</u>
Total capital assets being depreciated	<u>94,257,875</u>	<u>102,494</u>	<u>210,013</u>	<u>94,150,356</u>

LAMPETER-STRASBURG SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

Less accumulated depreciation for				
Buildings and improvements	(53,443,436)	(2,735,750)	-	(56,179,186)
Furniture and equipment	(3,013,562)	(472,186)	(210,013)	(3,275,735)
Right-to-use leased equipment	<u>(17,929)</u>	<u>(35,858)</u>	<u>-</u>	<u>(53,787)</u>
Total accumulated depreciation	<u>(56,474,927)</u>	<u>(3,243,794)</u>	<u>(210,013)</u>	<u>(59,508,708)</u>
Total capital assets being depreciated, net	<u>37,782,948</u>	<u>(3,141,300)</u>	<u>-</u>	<u>34,641,648</u>
Governmental activities, net	<u>\$ 44,426,408</u>	<u>\$ (2,094,351)</u>	<u>\$ -</u>	<u>\$ 42,332,057</u>
Business-type activities				
Capital assets not being depreciated				
Construction in progress	<u>\$ 24,297</u>	<u>\$ -</u>	<u>\$ 24,297</u>	<u>\$ -</u>
Capital assets being depreciated				
Machinery and equipment	613,453	53,095	-	666,548
Less accumulated depreciation				
Machinery and equipment	<u>(464,909)</u>	<u>(27,923)</u>	<u>-</u>	<u>(492,832)</u>
Total capital assets being depreciated, net	<u>148,544</u>	<u>25,172</u>	<u>-</u>	<u>173,716</u>
Business-type activities, net	<u>\$ 172,841</u>	<u>\$ 25,172</u>	<u>\$ 24,297</u>	<u>\$ 173,716</u>

Depreciation and amortization expense were charged to functions/programs of the District as follows:

Governmental activities	
Instruction	\$2,404,543
Administrative and financial support services	295,648
Operation and maintenance of plant services	154,758
Pupil transportation	49,390
Student activities	<u>339,455</u>
Total depreciation expense – governmental activities	<u>\$3,243,794</u>
Business-type activities	
Food service	<u>\$ 27,923</u>

As of June 30, 2022, the District had outstanding construction commitments for its early childhood building and other critical capital projects in the amount of \$325,767.

(5) INTERNAL RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2022 is as follows:

<u>Receivable To</u>	<u>Amount</u>	<u>Payable From</u>	<u>Amount</u>
School-Age Child Care Fund	\$ 34,873	General Fund	\$ 34,873
General Fund	104,433	Internal Service Fund	104,433
Food Service Fund	<u>117,268</u>	General Fund	<u>117,268</u>
	<u>\$256,574</u>		<u>\$256,574</u>

Interfund balances between funds represent temporary loans recorded at year-end as the result of a final allocation of expenses and state subsidies.

LAMPETER-STRASBURG SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

A summary of interfund transfers for the year ended June 30, 2022 is as follows:

<u>Transfers In</u>	<u>Amount</u>	<u>Transfers Out</u>	<u>Amount</u>
Food Service Fund	\$ 28,797	Capital Projects Fund	\$ 28,797
Food Service Fund	320,000	General Fund	320,000
Capital Projects Fund	<u>3,888,075</u>	General Fund	<u>3,888,075</u>
	<u>\$4,236,872</u>		<u>\$4,236,872</u>

A transfer was made from the Capital Projects Fund to the Food Service Fund as a capital contribution. A transfer was made from the General Fund to the Food Service Fund to subsidize an operational loss. A transfer was made from the General Fund to the Capital Projects Fund for future capital expenditures.

(6) NONCURRENT LIABILITIES

The following summarizes the changes in noncurrent liabilities for the year ended June 30, 2022:

	<u>Balance July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2022</u>	<u>Amount Due Within One Year</u>
Governmental activities					
General obligation debt					
Bonds payable	\$ 14,735,000	\$13,610,000	\$ 2,560,000	\$ 25,785,000	\$1,960,000
Notes payable	1,115,000	-	1,115,000	-	-
Bond premiums	-	1,570,228	-	1,570,228	109,010
Total general obligation debt	<u>15,850,000</u>	<u>15,180,228</u>	<u>3,675,000</u>	<u>27,355,228</u>	<u>2,069,010</u>
Other noncurrent liabilities					
Right-to-use leases payable	162,449	-	34,385	128,064	35,342
Capital leases	733,381	-	273,228	460,153	233,518
Accrued retirement bonuses	3,123,380	-	256,571	2,866,809	-
OPEB liability	3,136,705	176,412	1,775,300	1,537,817	-
Net OPEB liability – PSERS	3,304,988	492,124	-	3,797,112	-
Net pension liability – PSERS	<u>77,196,820</u>	<u>-</u>	<u>12,179,797</u>	<u>65,017,023</u>	<u>-</u>
Total other noncurrent liabilities	<u>87,657,723</u>	<u>668,536</u>	<u>14,519,281</u>	<u>73,806,978</u>	<u>268,860</u>
Total governmental activities	<u>103,507,723</u>	<u>15,848,764</u>	<u>18,194,281</u>	<u>101,162,206</u>	<u>2,337,870</u>
Business-type activities					
Accrued retirement bonuses	27,015	-	2,944	24,071	-
OPEB liability	145,741	-	130,590	15,151	-
Net OPEB liability – PSERS	197,502	3,864	113,912	87,454	-
Net pension liability – PSERS	<u>2,570,386</u>	<u>-</u>	<u>377,542</u>	<u>2,192,844</u>	<u>-</u>
Total business-type activities	<u>2,940,644</u>	<u>3,864</u>	<u>624,988</u>	<u>2,319,520</u>	<u>-</u>
Total noncurrent liabilities	<u>\$106,448,367</u>	<u>\$15,852,628</u>	<u>\$18,819,269</u>	<u>\$103,481,726</u>	<u>\$2,337,870</u>

Non-current liabilities of governmental activities are generally liquidated by the General Fund, while noncurrent liabilities of the business-type activities are liquidated by the Food Service and School-Age Child Care Funds.

LAMPETER-STRASBURG SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

(7) GENERAL OBLIGATION DEBT

General obligation debt is a direct obligation of the District for which full faith and credit are pledged and is payable from unrestricted local sources. The District has not pledged any assets as collateral for general obligation debt. General obligation debt was issued to finance capital expenditures or to finance the retirement (refund) of prior general obligation debt.

General obligation debt outstanding as of June 30, 2022 consisted of the following:

<u>Description</u>	<u>Interest Rate(s)</u>	<u>Original Issue Amount</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
General obligation bonds				
Series of 2017	2.41%	\$ 7,555,000	03/01/2027	\$ 2,930,000
Series of 2021	1.332%	\$ 9,250,000	03/01/2028	9,245,000
Series of 2022	3.00% - 5.00%	\$13,610,000	03/01/2037	<u>13,610,000</u>
Total general obligation bonds				<u>\$25,785,000</u>

Annual debt service requirements to maturity on these obligations are as follows:

<u>Year ending June 30,</u>	<u>Principal Maturities</u>	<u>Interest Maturities</u>	<u>Total Maturities</u>
2023	\$ 1,960,000	\$ 716,901	\$ 2,676,901
2024	1,990,000	841,429	2,831,429
2025	2,025,000	808,640	2,833,640
2026	2,055,000	775,278	2,830,278
2027	2,090,000	741,354	2,831,354
2028-2032	7,395,000	3,040,856	10,435,856
2033-2037	<u>8,270,000</u>	<u>1,281,250</u>	<u>9,551,250</u>
	<u>\$25,785,000</u>	<u>\$8,205,708</u>	<u>\$33,990,708</u>

Series of 2022 General Obligation Bonds

On May 24, 2022, the District issued \$13,610,000 of general obligation bonds, Series of 2022, the proceeds from which were to be used towards providing funds for capital projects, and to pay for the costs of issuance.

(8) RIGHT-TO-USE LEASES

On 1/11/2021, the District entered into a 5-year lease as lessee for the use of multi-function devices. An initial lease liability was recorded in the amount of \$179,290. As of 6/30/2022, the value of the lease liability is \$128,064. The District is required to make annual fixed payments of \$38,421. The lease has an interest rate of 2.75%. The equipment's estimated useful life was 5 years as of the contract commencement. The value of the intangible right-to-use asset as of 6/30/2022 is \$125,503, net of accumulated amortization of \$53,787, and is included with noncurrent assets on the statement of net position.

Future minimum lease payments under these leases are as follows:

<u>Year ending June 30,</u>	
2023	\$ 38,421
2024	38,421
2025	38,421
2026	19,211
Less: amount representing interest	<u>(6,410)</u>
Present value of minimum lease payments	<u>\$128,064</u>

LAMPETER-STRASBURG SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

(9) CAPITAL LEASES

The District has entered into long-term lease agreements for vehicles and equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception dates. The future minimum lease payments under the capital leases and the net present value of the future minimum lease payments as of June 30, 2022 are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$233,518	\$13,486	\$247,004
2024	125,370	6,475	131,845
2025	83,945	2,860	86,805
2026	<u>17,320</u>	<u>479</u>	<u>17,799</u>
	<u>\$460,153</u>	<u>\$23,300</u>	<u>\$483,453</u>

(10) ACCRUED RETIREMENT BONUSES

Upon voluntary retirement, a professional employee with qualifying years of service according to either the collective bargaining agreement or administrator agreement will receive a lump sum retirement bonus. A summary of the amount recorded as a liability for these accrued retirement bonuses is as follows for June 30, 2022:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Accrued retirement benefit	\$2,035,474	\$ 7,288
Accumulated sick day payout	<u>831,335</u>	<u>16,783</u>
	<u>\$2,866,809</u>	<u>\$24,071</u>

(11) PENSION PLAN

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

Plan Description

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

LAMPETER-STRASBURG SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year credited service; (b) age 60 with 30 more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2.00% or 2.50%, depending upon membership class, of the member's final average salary (as defined in the code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2.00% or 2.50%, depending upon membership class, of the member's final average salary (as defined in the code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

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

Contributions

Member Contributions

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

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

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

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

LAMPETER-STRASBURG SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

Employer Contributions

The District's contractually required contribution rate for fiscal year ended June 30, 2022 was 34.14% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the plan from the District were \$8,115,061 for the year ended June 30, 2022.

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

At June 30, 2022, the District reported a liability of \$67,209,867 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by rolling forward PSERS' total pension liability as of June 30, 2020 to June 30, 2021. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2022, the District's proportion was 0.1637 percent, which was an increase of 0.0017 percent from its proportion measured as of June 30, 2021. As of June 30, 2022, the net pension liability of \$65,017,023 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit) and the remaining \$2,192,844 of the net pension liability is recorded as a liability in the proprietary fund statement of net position, and in the business-type activities in the government-wide statement of net position (deficit).

For the year ended June 30, 2022, the District recognized net pension expense of \$4,199,000. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between projected and actual experience	\$ 50,000	\$ 883,000
Changes in assumptions	3,260,000	-
Net difference between expected and actual investment earnings	-	10,699,000
Changes in proportions	614,000	1,132,000
Contributions subsequent to the measurement date	<u>8,115,061</u>	<u>-</u>
	<u>\$12,039,061</u>	<u>\$12,714,000</u>

\$8,115,061 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,

2023	\$ (2,683,000)
2024	(1,554,000)
2025	(1,096,000)
2026	<u>(3,457,000)</u>
	<u>\$ (8,790,000)</u>

LAMPETER-STRASBURG SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

Actuarial Assumptions

The total pension liability as of June 30, 2021 was determined by rolling forward PSERS's total pension liability as the June 30, 2020 actuarial valuation to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 7.00%, includes inflation at 2.50%
- Salary growth – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the total pension liability decreased from 7.25% as of June 30, 2020 to 7.00% as of June 30, 2021.

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

The long-term expected rate of return on 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 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.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public equity	27.0 %	5.2%
Private equity	12.0 %	7.3%
Fixed income	35.0 %	1.8%
Commodities	10.0 %	2.0%
Absolute return	8.0 %	3.1%
Infrastructure/MLPs	8.0 %	5.1%
Real estate	10.0 %	4.7%
Cash	3.0 %	0.1%
Leverage	(13.0)%	0.1%
	<u>100.0 %</u>	

The above was the PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2021.

Discount Rate

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

LAMPETER-STRASBURG SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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

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

	<u>1% Decrease 6.00%</u>	<u>Current Discount Rate 7.00%</u>	<u>1% Increase 8.00%</u>
District's proportionate share of the net pension liability	<u>\$88,215,404</u>	<u>\$67,209,867</u>	<u>\$49,490,658</u>

Pension Plan Fiduciary Net Position

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

(12) OTHER POST-EMPLOYMENT BENEFITS

Single-Employer Defined Benefit OPEB Plan

The District's other post-employment benefits ("**OPEB**") include a single-employer defined benefit plan that provides medical and life insurance benefits to eligible retirees and their dependents. The School Board has the authority to establish and amend benefit provisions. The OPEB Plan does not issue any financial report and is not included in the report of any public employee retirement system or any other entity.

OPEB Plan Membership

Membership in the OPEB plan consisted of the following at July 1, 2021:

Active participants	358
Vested former participants	-
Retired participants	<u>15</u>
Total	<u>373</u>

Funding Policy

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

OPEB Liability

The District's OPEB liability has been measured as of June 30, 2022. The total OPEB liability was determined by an actuarial valuation as of July 1, 2021, and by rolling forward the liabilities from the July 1, 2021 actuarial valuation through the measurement date. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. The net OPEB liability is \$1,552,968, all of which is unfunded. As of June 30, 2022, the OPEB liability of \$1,537,817 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit) and the remaining \$15,151 of the OPEB liability is recorded as a liability in the proprietary fund statement of net position, and in the business-type activities in the government-wide statement of net position (deficit). The District's change in its OPEB liability for the year ended June 30, 2022 was as follows:

LAMPETER-STRASBURG SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

Balances as of July 1, 2021	<u>\$ 3,282,446</u>
Changes for the year:	
Service cost	28,091
Interest on total OPEB liability	107,229
Differences between expected and actual experience	(1,425,761)
Changes of assumptions	26,584
Benefit payments	<u>(465,621)</u>
Net changes	<u>(1,729,478)</u>
Balances as of June 30, 2022	<u>\$ 1,552,968</u>

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

For the year ended June 30, 2022, the District recognized net OPEB expense of \$258,421. At June 30, 2022, the District had 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>
Difference between expected and actual experience	\$ 49,902	\$1,326,527
Changes in assumptions	570,752	-
Benefit payments subsequent to measurement date	<u>73,835</u>	<u>-</u>
	<u>\$694,489</u>	<u>\$1,326,527</u>

\$73,835 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,

2023	\$ 123,101
2024	123,101
2025	(19,290)
2026	(116,598)
2027	(116,598)
Thereafter	<u>(699,589)</u>
	<u>\$(705,873)</u>

Sensitivity of the OPEB Liability to Change in Healthcare Cost Trend Rates

The following presents the OPEB liability for June 30, 2022, calculated using current healthcare cost trends as well as what the OPEB liability would be if it health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
OPEB liability	<u>\$1,415,837</u>	<u>\$1,552,968</u>	<u>\$1,713,418</u>

The following presents the net OPEB liability of the District calculated using the discount rate of 2.28%, as well as what the OPEB liability would be if it were calculated using the discount rate that is one percentage point lower (1.28%) or 1 percentage point higher (3.28%) than the current rate:

LAMPETER-STRASBURG SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

Sensitivity of the OPEB Liability to Changes in the Discount Rate

	<u>1% Decrease</u> <u>1.28%</u>	<u>Current</u> <u>Discount</u> <u>Rate</u> <u>2.28%</u>	<u>1% Increase</u> <u>3.28%</u>
OPEB Liability	<u>\$1,650,331</u>	<u>\$1,552,968</u>	<u>\$1,458,932</u>

Actuarial Methods and Significant Assumptions

The OPEB Liability as of June 30, 2022, was determined by rolling forward the OPEB liability as of July 1, 2021 to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - entry age normal.
- Discount rate – 2.28% - 20-year high-grade municipal rate index; previously rate of 3.50% was assumed
- Salary growth – 2.5% cost of living adjustment, 1% real wage growth, and for teachers and administrators a merit increase which varies from 2.75 to 0%
- Assumed healthcare cost trends – 5.5% in 2021-2023; rates gradually decrease from 5.4% in 2024 to 4.0% in 2075.
- Mortality - Separate rates are assumed preretirement and postretirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation. Incorporated into the table are rates projected generationally by the Buck Modified 2016 projection scale to reflect mortality improvement.

Cost Sharing Multiple-Employer Defined Benefit OPEB Plan

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

Plan Description

PSERS provides health insurance premium assistance which, is a governmental cost sharing, multiple-employer OPEB plan for all eligible retirees who qualify and elect to participate. Employer contribution rates for health insurance premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of health insurance premium assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' health options program. As of June 30, 2021, there were no assumed future benefit increases to participating eligible retirees.

Retirees of PSERS can participate in the health insurance premium assistance program if they satisfy the following criteria:

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the PSERS' health options program or employer-sponsored health insurance program.

LAMPETER-STRASBURG SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' health options program. As of June 30, 2021, there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 2022 was 0.80% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$190,160 for the year ended June 30, 2022.

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

At June 30, 2022, the District reported a liability of \$3,884,566 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward PSERS' total OPEB liability as of June 30, 2020 to June 30, 2021. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2022, the District's proportion was 0.1639 percent, which was an increase of 0.0018 percent from its proportion measured as of June 30, 2021. As of June 30, 2022, the OPEB liability of \$3,797,112 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position and the remaining \$87,454 of the OPEB liability is recorded as a liability in the proprietary fund statement of net position, and in the business-type activities in the government-wide statement of net position (deficit).

For the year ended June 30, 2022, the District recognized OPEB expense of \$230,000. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between expected and actual experience	\$ 36,000	\$ -
Changes in assumptions	414,000	52,000
Net difference between projected and actual investment earnings	8,000	-
Changes in proportions	53,000	88,000
Contributions subsequent to the measurement date	<u>190,160</u>	<u>-</u>
	<u>\$701,160</u>	<u>\$140,000</u>

\$190,160 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

LAMPETER-STRASBURG SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

Year ended June 30,

2023	\$ 60,000
2024	59,000
2025	74,000
2026	64,000
2027	57,000
Thereafter	<u>57,000</u>
	<u>\$371,000</u>

Actuarial Assumptions

The OPEB liability as of June 30, 2021, was determined by rolling forward the PSERS' OPEB liability as of June 30, 2020 to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – entry age normal – level % of pay
- Investment return – 2.18% – Standard & Poors 20 year municipal bond rate
- Salary growth – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium assistance reimbursement is capped at \$1,200 per year.
- Assumed healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

Participation rate:

- Eligible retirees will elect to participate pre age 65 at 50%
- Eligible retirees will elect to participate post age 65 at 70%

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

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2019 determined the employer contribution rate for fiscal year 2021.
- Cost method - amount necessary to assure solvency of premium assistance through the third fiscal year after the valuation date.
- Asset valuation method: market value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

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

LAMPETER-STRASBURG SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

<u>OPEB – Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	79.80%	0.10 %
US Core Fixed Income	17.50%	0.70 %
Non-US Developed Fixed	<u>2.70%</u>	(0.30)%
	<u>100.00%</u>	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2021.

Discount Rate

The discount rate used to measure the OPEB liability was 2.18%. Under the OPEB plan's funding policy, contributions are structured for short term funding of health insurance premium assistance. The funding policy sets contribution rates necessary to assure solvency of health insurance premium assistance through the third fiscal year after the actuarial valuation date. The health insurance premium assistance account is funded to establish reserves that are sufficient for the payment of health insurance premium assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the OPEB plan is considered a "pay-as-you-go" plan. A discount rate of 2.18% which represents the Standard & Poor's 20-year municipal bond rate at June 30, 2021, was applied to all projected benefit payments to measure the total OPEB liability.

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual health insurance premium assistance. As of June 30, 2021, retirees health insurance premium assistance benefits are not subject to future healthcare cost increases. The healthcare insurance premium assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on healthcare cost trends as depicted below.

The following presents the net OPEB liability for June 30, 2021, calculated using current healthcare cost trends as well as what net OPEB liability would be if it health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	<u>\$3,884,125</u>	<u>\$3,884,566</u>	<u>\$3,884,914</u>

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

The following presents the net OPEB liability, calculated using the discount rate of 2.18%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.18%) or 1-percentage-point higher (3.18%) than the current rate:

	<u>1% Decrease 1.18%</u>	<u>Current Discount Rate 2.18%</u>	<u>1% Increase 3.18%</u>
District's proportionate share of the net OPEB liability	<u>\$4,458,024</u>	<u>\$3,884,566</u>	<u>\$3,412,237</u>

LAMPETER-STRASBURG SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

OPEB Plan Fiduciary Net Position

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

(13) JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATION

Joint Ventures

Lancaster County Career and Technology Center

The District and the other 15 Lancaster County school districts participate in the Lancaster County Career and Technology Center ("**LCCTC**"). The LCCTC provides vocational-technical training and education to students of the participating school districts. The LCCTC is controlled by a joint board comprised of representative school board members of the participating school districts. District oversight of the LCCTC operations is the responsibility of the joint board. The District's share of operating costs for the LCCTC fluctuates based on the District's percentage of enrollment. The District's share of operating costs for 2021-2022 was \$574,435.

Lancaster County Career and Technology Center Authority

The District and the other 15 Lancaster County school districts also participate in a joint venture for the operation of the Lancaster County Career and Technology Center Authority (the "**Authority**"). The Authority oversees acquiring, holding, constructing, improving and maintaining the LCCTC school buildings and facilities. The Authority is controlled by a joint board comprised of representative school board members of the participating school districts in the Authority. As further described below, the participating school districts have entered into a long-term lease agreement with the Authority to provide rental payments sufficient to retire the Authority's outstanding debt obligations. The District's share of rent expense for 2021-2022 was \$89,604.

On September 20, 2011, the Authority authorized the issuance of Guaranteed Lease Revenue Bonds, Series of 2011 (the "**2011 Revenue Bonds**"), in the maximum aggregate principal amount of \$43,000,000 to provide funds for the renovations and additions to the Brownstown, Mount Joy and Willow Street campuses of the LCCTC and pay for the costs of issuance. The District and the 15 Lancaster County school districts have entered into a long-term lease agreement with the Authority stipulating that each school district will pay its proportionate share of the lease rentals in order to retire the 2011 Revenue Bonds based on real estate market values as set forth in the LCCTC organization agreement. The 2011 Revenue Bonds were issued in three different series over three years. The amount of each series was not to exceed \$10,000,000 without the participating school districts' approval. The 2011 Revenue Bonds were intended to be repaid over a period not to exceed thirty years, with gross annual debt service not to exceed \$1,985,000 and net annual debt service (after reimbursement by the Commonwealth of Pennsylvania) of \$1,330,000. On June 29, 2012, the Authority issued the first of three series in the total amount of \$9,995,000. On September 20, 2013 the Authority issued the second of three series in the total amount of \$9,995,000 which was refinanced in February 2017 and on July 9, 2014, the Authority issued the final of the three series in the total amount of \$3,900,000. On June 1 2020, the Authority refinanced its Series of 2013 and Series of 2014 Revenue Bonds by issuing the Series of 2020 Revenue Bonds in the amount of \$11,145,000. The District's lease rental obligations for minimum rental payments related to the issued debt are as follows:

LAMPETER-STRASBURG SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

Year ending June 30,

2023	\$ 67,452
2024	67,170
2025	67,345
2026	67,697
2027	67,236
2028-2032	332,145
2033-2037	<u>330,031</u>
	<u>\$999,076</u>

Both the LCCTC and the Authority prepare financial statements that are available to the public from their administrative office located at 1730 Hans Herr Drive, P.O. Box 527, Willow Street, PA 17584.

Jointly Governed Organizations

Lancaster-Lebanon Intermediate Unit

The District and the other Lancaster and Lebanon County school districts are participating members of the Lancaster-Lebanon Intermediate Unit (the "**LLIU**"). The LLIU is a regional educational service agency, established by the Commonwealth of Pennsylvania, which is governed by a joint committee consisting of School Board members from each participating school district. The School Board of each participating school district must approve the annual program budget for the LLIU but the participating school districts have no ongoing fiduciary interest or responsibility to the LLIU. The LLIU is a self-sustaining organization that provides a broad array of services to the participating school districts which include: curriculum development and instructional improvement; educational planning services; instructional material; continuing professional development; pupil personnel services; management services and federal liaison services. During 2021-2022, the District contracted with the LLIU for special education services which totaled \$1,549,942.

Lancaster-Lebanon Joint Authority

The District and the other Lancaster and Lebanon County school district are also participating members of the Lancaster-Lebanon Joint Authority (the "**Authority**"). The Authority oversees acquiring, holding, constructing, improving and maintaining the buildings and facilities maintained for the participating school districts and the LLIU, which is governed by a joint committee consisting of School Board members from each participating school district. During 2021-2022, the District did not have any financial transactions with the Authority.

Lancaster County Tax Collection Bureau

The District and the other 15 Lancaster County school districts along with Octorara Area School District of Chester County and the municipalities represented by those school districts are participating members of the Lancaster County Tax Collection Bureau (the "**Bureau**") for the collection of earned income taxes. Each participating school district appoints one member to serve on the joint operating committee and 16 members are appointed by the participating municipalities. The Bureau is a self-sustaining organization in which the participating members have no ongoing fiduciary interest or responsibility. The Bureau's operating expenditures are deducted from each members earned income tax distributions. During 2021-2022, the District's portion of operating expenditures for the Bureau totaled \$51,810.

LAMPETER-STRASBURG SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

(14) CONTINGENCIES AND COMMITMENTS

Government Grants and Awards

The District receives federal, state and local funding under a number of programs. Payments made by these sources under contractual agreements are provisional and subject to redetermination based on filing of reports and audits of those reports. Final settlements due from or to these sources are recorded in the year in which the related services are performed. Any adjustments resulting from subsequent examinations are recognized in the year in which the results of such examinations become known. District officials do not expect any significant adjustments as a result of these examinations.

Litigation

The District is a defendant in various matters of litigation and claims. These matters result from the normal course of business. It is not presently possible to determine the ultimate outcome or settlement cost, if any, of these matters.

(15) RISK MANAGEMENT

Health Insurance

The District participates in a consortium with the LLIU to provide a self-insurance program for health insurance and related expenses for eligible employees, spouses and dependents. Accordingly, benefit payments plus an administrative charge are made to a third-party administrator, who approves and processes all claims. The District was limited in liability to \$450,000 per individual and \$6,747,471 in total for self-insurance medical claims for the year ended June 30, 2022. The District has recorded a liability in the Internal Service Fund for claims incurred through June 30, 2021 which has historically been satisfied within 60 days after June 30. The following table presents the components of the self-insurance medical claims liability and the related changes in the claims liability for the year ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Insurance claims liability – beginning of year	\$ 484,408	\$ 402,120
Current year insurance claims and changes in estimates	5,090,293	6,409,545
Insurance claims paid	<u>(5,219,314)</u>	<u>(6,327,257)</u>
Insurance claims liability – end of year	<u>\$ 355,387</u>	<u>\$ 484,408</u>

Workers' Compensation

The District, participating member school districts from Pennsylvania and the LLIU participate in the Lancaster-Lebanon Public Schools Workers' Compensation Fund (the "**Fund**"), which is a cooperative voluntary trust arrangement. The District and the other participating members pay an annual premium to the Fund for the purpose of seeking prevention or lessening of claims due to injuries of employees of the participating members and pooling workers' compensation and occupational disease insurance risks, reserves, claims, and losses and providing self-insurance and reinsurance thereof. It is the intent of the participating members of the Fund that the Fund will utilize funds contributed by the participating members, which shall be held in trust by the Fund, to provide self-insurance and reimbursement to the members for their obligations to pay compensation as required under the Workers' Compensation Act and the Pennsylvania Occupational Disease Act and to purchase excess and aggregate insurance. As of June 30, 2022, the District is not aware of any additional assessments relating to this Fund.

Other Risks

The District is exposed to other risks of loss, including errors and omissions. The District has purchased a commercial insurance policy to safeguard its assets from risk of loss due to errors and omissions. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

LAMPETER-STRASBURG SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

(16) PRIOR PERIOD ADJUSTMENT

As a result of the implementation of GASB Statement No. 87, the District made a prior period adjustment to record its lease liability and capital assets related to lessee agreements.

These prior period adjustments and its effect on net position at July 1, 2021 was an increase in net capital assets of \$766,610 and an increase in lease liabilities of \$767,697.

(17) SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 11, 2022, the date on which the financial statements were available to be issued. No material subsequent events have occurred since June 30, 2022 that required recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

LAMPETER-STRASBURG SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local sources	\$ 41,398,872	\$ 41,398,872	\$ 41,393,472	\$ (5,400)
State sources	13,018,006	13,018,006	13,129,342	111,336
Federal sources	1,008,653	1,008,653	2,140,105	1,131,452
Total revenues	<u>55,425,531</u>	<u>55,425,531</u>	<u>56,662,919</u>	<u>1,237,388</u>
EXPENDITURES				
Instruction				
Regular programs	24,587,282	24,587,282	23,679,384	907,898
Special programs	8,388,289	8,388,289	8,696,275	(307,986)
Vocational programs	881,517	881,517	887,018	(5,501)
Other instructional programs	355,532	355,532	450,442	(94,910)
Nonpublic school programs	-	-	41,618	(41,618)
Total instruction	<u>34,212,620</u>	<u>34,212,620</u>	<u>33,754,737</u>	<u>457,883</u>
Support services				
Pupil support services	2,323,773	2,323,773	2,379,316	(55,543)
Instructional staff services	1,047,959	1,047,959	862,161	185,798
Administrative services	3,133,563	3,133,563	3,081,840	51,723
Pupil health	633,044	633,044	616,542	16,502
Business services	586,896	586,896	551,959	34,937
Operation and maintenance of plant services	4,097,088	4,097,088	4,028,157	68,931
Student transportation services	1,883,141	1,883,141	1,927,334	(44,193)
Support services - central	1,609,433	1,609,433	1,959,993	(350,560)
Other support services	27,400	27,400	26,400	1,000
Total support services	<u>15,342,297</u>	<u>15,342,297</u>	<u>15,433,702</u>	<u>(91,405)</u>
Operation of noninstructional services				
Student activities	1,120,134	1,120,134	1,111,386	8,748
Community services	6,000	6,000	6,000	-
Scholarship and awards	1,750	1,750	1,750	-
Total operation of noninstructional services	<u>1,127,884</u>	<u>1,127,884</u>	<u>1,119,136</u>	<u>8,748</u>
Facilities acquisition, construction and improvement services	<u>-</u>	<u>-</u>	<u>46,610</u>	<u>(46,610)</u>
Debt service	<u>1,892,820</u>	<u>1,892,820</u>	<u>1,889,317</u>	<u>3,503</u>
Total expenditures	<u>52,575,621</u>	<u>52,575,621</u>	<u>52,243,502</u>	<u>332,119</u>
Excess (deficiencies) of revenues over (under) expenditures	<u>2,849,910</u>	<u>2,849,910</u>	<u>4,419,417</u>	<u>1,569,507</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(3,888,075)	(3,888,075)	(4,208,075)	(320,000)
Proceeds from sale of capital assets	-	-	11,300	11,300
Budgetary reserve	(480,000)	(480,000)	-	480,000
Total other financing sources (uses)	<u>(4,368,075)</u>	<u>(4,368,075)</u>	<u>(4,196,775)</u>	<u>171,300</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,518,165)</u>	<u>\$ (1,518,165)</u>	<u>222,642</u>	<u>\$ 1,740,807</u>
FUND BALANCE				
Beginning of year			9,590,186	
End of year			<u>\$ 9,812,828</u>	

LAMPETER-STRASBURG SCHOOL DISTRICT

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

Year ended June 30

	Measurement Date							
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.1637%	0.1620%	0.1658%	0.1677%	0.1687%	0.1654%	0.1627%	0.1586%
District's proportionate share of the net pension liability	\$ 67,209,867	\$ 79,767,206	\$ 77,565,564	\$ 80,504,000	\$ 83,318,000	\$ 81,967,000	\$ 70,474,000	\$ 62,775,000
District's covered-employee payroll	\$ 23,239,884	\$ 22,756,687	\$ 22,874,758	\$ 22,586,915	\$ 22,464,381	\$ 21,422,799	\$ 20,932,889	\$ 20,235,000
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	289.20%	350.52%	339.09%	356.42%	370.89%	382.62%	336.67%	310.23%
Plan fiduciary net position as a percentage of the total pension liability	63.67%	54.32%	55.66%	54.00%	52.00%	50.00%	54.00%	57.00%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

LAMPETER-STRASBURG SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PENSION PLAN CONTRIBUTIONS - PSERS

Year ended June 30

	Measurement Date							
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 7,779,003	\$ 7,567,313	\$ 7,424,915	\$ 7,116,000	\$ 6,453,000	\$ 5,262,000	\$ 4,201,000	\$ 3,159,000
Contributions in relation to the contractually required contribution	<u>\$ 7,779,003</u>	<u>\$ 7,567,313</u>	<u>\$ 7,435,753</u>	<u>\$ 7,131,159</u>	<u>\$ 6,455,302</u>	<u>\$ 5,416,000</u>	<u>\$ 4,289,181</u>	<u>\$ 3,259,735</u>
Contribution deficiency (excess)	-	-	(10,838)	(15,159)	(2,302)	(154,000)	(88,181)	(100,735)
District's covered-employee payroll	\$ 23,239,884	\$ 22,756,687	\$ 22,874,758	\$ 22,586,915	\$ 22,464,381	\$ 21,422,799	\$ 20,932,889	\$ 20,235,020
Contributions as a percentage of covered-employee payroll	33.47%	33.25%	32.51%	31.57%	28.74%	25.28%	20.49%	16.11%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

LAMPETER-STRASBURG SCHOOL DISTRICT

SCHEDULE OF CHANGES IN OPEB LIABILITY - SINGLE EMPLOYER PLAN

Year ended June 30

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
TOTAL OPEB LIABILITY					
Service cost	\$ 28,091	\$ 31,135	\$ 29,442	\$ 32,599	\$ 79,241
Interest on total OPEB liability	107,229	116,621	81,321	83,391	88,164
Differences between expected and actual experience	(1,425,761)	-	121,533	-	(52,534)
Changes of assumptions	26,584	-	660,443	-	738,499
Benefit payments	<u>(465,621)</u>	<u>(363,548)</u>	<u>(180,949)</u>	<u>(185,852)</u>	<u>(243,851)</u>
Net change in total OPEB liabilities	(1,729,478)	(215,792)	711,790	(69,862)	609,519
Total OPEB liability, beginning	<u>3,282,446</u>	<u>3,498,238</u>	<u>2,786,448</u>	<u>2,856,310</u>	<u>2,246,791</u>
Total OPEB liability, ending	<u>\$ 1,552,968</u>	<u>\$ 3,282,446</u>	<u>\$ 3,498,238</u>	<u>\$ 2,786,448</u>	<u>\$ 2,856,310</u>
Fiduciary net position as a % of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ 22,261,580	\$ 21,391,318	\$ 20,869,579	\$ 19,566,848	\$ 19,089,608
Net OPEB liability as a % of covered payroll	6.98%	15.34%	16.76%	14.24%	14.96%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

LAMPETER-STRASBURG SCHOOL DISTRICT

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

Year ended June 30

	Measurement Date				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.1639%	0.1621%	0.1658%	0.1677%	0.1687%
District's proportionate share of the net OPEB liability	\$ 3,884,566	\$ 3,502,490	\$ 3,526,304	\$ 3,496,000	\$ 3,437,000
District's covered-employee payroll	\$ 23,239,884	\$ 22,756,687	\$ 22,871,758	\$ 22,586,915	\$ 22,464,381
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	16.72%	15.39%	15.42%	15.48%	15.30%
Plan fiduciary net position as a percentage of the total net OPEB liability	5.30%	5.69%	5.56%	5.56%	6.00%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

LAMPETER-STRASBURG SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S OPEB PLAN CONTRIBUTIONS - PSERS

Year ended June 30

	Measurement Date				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 190,722	\$ 190,829	\$ 189,959	\$ 187,000	\$ 187,000
Contributions in relation to the contractually required contribution	<u>\$ 190,722</u>	<u>\$ 190,739</u>	<u>\$ 189,315</u>	<u>\$ 186,480</u>	<u>\$ 183,490</u>
Contribution deficiency (excess)	-	90	644	520	3,510
District's covered-employee payroll	\$ 23,239,884	\$ 22,756,687	\$ 22,871,758	\$ 22,586,915	\$ 22,464,381
Contributions as a percentage of covered-employee payroll	0.82%	0.84%	0.83%	0.83%	0.82%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

SINGLE AUDIT

LAMPETER-STRASBURG SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2022

-58-

<u>Federal Grantor/Pass-Through Grantor/Project Title</u>	<u>Source Code</u>	<u>Federal ALN Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Grant Period Beginning/ Ending Dates</u>	<u>Grant Amount</u>	<u>Total Received for Year</u>	<u>Accrued (Deferred) Revenue July 1, 2021</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue June 30, 2022</u>	<u>Passed Through to Subrecipients</u>
<u>U.S. Department of Education</u>											
<u>Passed-Through the Pennsylvania Department of Education</u>											
Title I - Improving Basic Programs	I	84.010	013-210220	07/01/20 - 09/30/21	\$ 392,262	\$ 155,756	\$ 11,427	\$ 144,329	\$ 144,329	\$ -	\$ -
Title I - Improving Basic Programs	I	84.010	013-220220	07/01/21 - 09/30/22	524,024	275,357	-	320,373	320,373	45,016	-
Total ALN #84.010						431,113	11,427	464,702	464,702	45,016	-
Title II - Improving Teacher Quality	I	84.367	020-210220	07/01/20 - 09/30/21	78,898	5,108	3,680	1,428	1,428	-	-
Title II - Improving Teacher Quality	I	84.367	020-220220	07/01/21 - 09/30/22	97,429	83,281	-	95,305	95,305	12,024	-
Total ALN #84.367						88,389	3,680	96,733	96,733	12,024	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-210220	07/01/20 - 09/30/21	30,662	-	(555)	555	555	-	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-220220	07/01/21 - 09/30/22	29,499	29,482	-	29,499	29,499	17	-
Total ALN #84.424						29,482	(555)	30,054	30,054	17	-
CARES Act - ESSER Fund Local	I	84.425D	200-200220	03/13/20 - 09/30/21	332,071	52,432	47,090	5,342	5,342	-	-
CARES Act - ESSER Fund Local	I	84.425D	200-210220	03/13/20 - 09/30/23	1,448,503	404,233	-	442,550	442,550	38,317	-
ARP ESSER	I	84.425U	223-210220	03/13/20 - 09/30/24	2,929,903	213,084	-	462,551	462,551	249,467	-
ARP ESSER - 7% Set Asides	I	84.425U	225-210220	03/13/20 - 09/30/24	227,719	24,842	-	39,501	39,501	14,659	-
ARP ESSER - Homeless Children & Youth	I	84.425W	181-212217	03/13/20 - 09/30/24	18,674	958	-	1,038	1,038	80	-
<u>Passed Through the Lancaster-Lebanon I.U. #13</u>											
I.D.E.A. - Part B, Section 611	I	84.027	062-220013	07/01/21 - 09/30/22	497,733	497,733	-	497,733	497,733	-	-
I.D.E.A. - Part B, Section 619	I	84.173	131-220013	07/01/21 - 09/30/22	1,182	1,182	-	1,182	1,182	-	-
<u>Passed-Through the Pennsylvania Commission on Crime and Delinquency</u>											
COVID-19 ESSER School Health & Safety Grants	I	84.425D	2020-ES-1-01-34926	03/13/21 - 09/30/22	90,863	90,863	87,609	3,254	3,254	-	-
Total U.S. Department of Education						1,834,311	149,251	2,044,640	2,044,640	359,580	-

Continued on next page

<u>Federal Grantor/Pass-Through Grantor/Project Title</u>	<u>Source Code</u>	<u>Federal ALN Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Grant Period Beginning/Ending Dates</u>	<u>Grant Amount</u>	<u>Total Received for Year</u>	<u>Accrued (Deferred) Revenue July 1, 2021</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue June 30, 2022</u>	<u>Passed Through to Subrecipients</u>
<u>U.S. Department of Health & Human Services</u>											
<u>Passed-Through Child Care Consultants</u>											
ARPA Child Care Stabilization Grant	I	93.575	N/A	01/31/20 - 06/30/22	90,792	90,792	-	90,792	90,792	-	-
<u>U.S. Department of Homeland Security</u>											
<u>Passed-Through the Pennsylvania Emergency Management Agency</u>											
Public Assistance Grants	I	97.036	546733	03/30/20 - 06/30/22	26,794	24,115	-	26,794	26,794	2,679	-
<u>U.S. Department of Agriculture</u>											
<u>Passed-Through the Pennsylvania Department of Education</u>											
Breakfast Program	I	10.553	N/A	07/01/20 - 06/30/21	N/A	7,193	7,193	-	-	-	-
Breakfast Program	I	10.553	N/A	07/01/21 - 06/30/22	N/A	339,945	-	351,303	351,303	11,358	-
Total ALN #10.553						347,138	7,193	351,303	351,303	11,358	-
P-EBT Local Admin Funds	I	10.649	N/A	07/01/21 - 06/30/22	N/A	614	-	614	614	-	-
Supply Chain Assistance	I	10.555	N/A	07/01/21 - 06/30/22	N/A	58,799	-	58,799	58,799	-	-
SNP Emergency Operating Costs	I	10.555	N/A	07/01/21 - 06/30/22	N/A	39,114	-	39,114	39,114	-	-
National School Lunch Program	I	10.555	N/A	07/01/20 - 06/30/21	N/A	27,058	27,058	-	-	-	-
National School Lunch Program	I	10.555	N/A	07/01/21 - 06/30/22	N/A	1,375,570	-	1,414,115	1,414,115	38,545	-
<u>Passed-Through the Pennsylvania Department of Agriculture</u>											
National School Lunch Program	I	10.555	N/A	07/01/21 - 06/30/22	N/A	119,242	(34,579)	119,281	119,281	(34,540)	-
Total ALN #10.555						1,619,783	(7,521)	1,631,309	1,631,309	4,005	-
Total U.S. Department of Agriculture						1,967,535	(328)	1,983,226	1,983,226	15,363	-
Total Federal Awards						\$ 3,916,753	\$ 148,923	\$ 4,145,452	\$ 4,145,452	\$ 377,622	\$ -
Special Education Cluster (IDEA) (ALN's #84.027 and #84.173)						\$ 498,915	\$ -	\$ 498,915	\$ 498,915	\$ -	\$ -
Child Nutrition Cluster (ALN's #10.553 and #10.555)						\$ 1,966,921	\$ (328)	\$ 1,982,612	\$ 1,982,612	\$ 15,363	\$ -
Education Stabilization Fund (ALN's #84.425A-Y)						\$ 786,412	\$ 134,699	\$ 954,236	\$ 954,236	\$ 302,523	\$ -

Legend

D - Direct Funding

I - Indirect Funding

ALN - Catalog of Federal Domestic Assistance

LAMPETER-STRASBURG SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2022

(1) FEDERAL EXPENDITURES

The Schedule of Expenditures of Federal Awards reflects federal expenditures for all individual grants which were active during the fiscal year.

(2) BASIS OF ACCOUNTING

The District uses the modified accrual method of recording transactions except as noted for the accounting of donated commodities in Note 3. Revenues are recorded when measurable and available. Expenditures are recorded when incurred.

(3) NONMONETARY FEDERAL AWARDS – DONATED FOOD

The Commonwealth of Pennsylvania distributes federal surplus food to institutions (schools, hospitals and prisons) and to the needy. Expenditures reported in the Schedule of Expenditures of Federal Awards under ALN #10.555 USDA Commodities represent federal surplus food consumed by the District during the 2021-2022 fiscal year.

(4) ACCESS PROGRAM

The District participates in the ACCESS Program which is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for-service and are not considered federal financial assistance. The amount of ACCESS funding recognized for the year ended June 30, 2022 was \$63,832.

(5) INDIRECT COSTS

The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance. No indirect costs were charged to the District's Federal awards for the year ended June 30, 2022.

LAMPETER-STRASBURG SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended June 30, 2022

There were no audit findings for the year ended June 30, 2021.



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

**Board of School Directors
Lampeter-Strasburg School District
Lampeter, Pennsylvania**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lampeter-Strasburg School District, Lampeter, Pennsylvania, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Lampeter-Strasburg School District's basic financial statements, and have issued our report thereon dated November 11, 2022.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

BBD, LLP

**Philadelphia, Pennsylvania
November 11, 2022**



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

**Board of School Directors
Lampeter-Strasburg School District
Lampeter, Pennsylvania**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lampeter-Strasburg School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Lampeter-Strasburg School District's major federal programs for the year ended June 30, 2022. Lampeter-Strasburg School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Lampeter-Strasburg School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

BBD, LLP

**Philadelphia, Pennsylvania
November 11, 2022**

LAMPETER-STRASBURG SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2022

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Lampeter-Strasburg School District were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements of Lampeter-Strasburg School District are reported in the independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of Lampeter-Strasburg School District, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over the major federal award programs are reported in the independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for Lampeter-Strasburg School District expresses an unmodified opinion on all major federal programs.
6. There are no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a).
7. The program tested as a major program was:

Education Stabilization Fund – Elementary and Secondary Education – ALN #84.425
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. The Lampeter-Strasburg School District did qualify as a low-risk auditee.

FINDINGS—FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS—MAJOR FEDERAL AWARD PROGRAMS AUDIT

None



November 11, 2022

**Board of School Directors
Lampeter-Strasburg School District
Lampeter, Pennsylvania**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lampeter-Strasburg School District, Lampeter, Pennsylvania (the "***District***") for the year ended June 30, 2022. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards, Government Auditing Standards and the Uniform Guidance

As stated in our engagement letter dated March 18, 2022, our responsibility as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance.

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provision of laws, regulations, contracts and agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with the Uniform Guidance, we examined, on a test basis, evidence about the District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget ("***OMB***") Compliance Supplement applicable to its major federal program for the purpose of expressing an opinion on the District's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the District's compliance with those requirements.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. As more fully described in the notes to the financial statements during the year ended June 30, 2022, the District implemented GASB Statement No. 87, "Leases". GASB Statement No. 87 increases the usefulness of financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were depreciation expense and the long-term liabilities recorded for the District's net pension liability and net other post-employment benefits liability. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable to the financial statement as a whole.

The disclosures in the financial statements are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 11, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as District's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to required supplementary information ("**RSI**") that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of School Directors and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

BBD, LLP

BBD, LLP

336 HOSTETTER ROAD
MANHEIM, PA 17545



TEL (717) 665-0270
FAX (717) 665-0271

Garden Spot Mechanical, Inc.
HVAC & PLUMBING

October 26, 2022

Lampeter Strasburg School District
1600 Book Rd
Lancaster, PA 17602

Re: LSSD Capital Improvements HWR pump control

We are pleased to offer you this cost change to add aqua stat controls per RFI#6 7/27/22

Item#1

- (4) Ranco temperature controllers
- 8' remote sensor lead mounted on hwr pipe.
- 12/3 power wiring to pump disconnect.

Total Change Order Amount \$1,270.00

Sincerely,
Garden Spot Mechanical, Inc.

Jeremy Bowles

Project Manager

336 HOSTETTER ROAD
MANHEIM, PA 17545



TEL (717) 665-0270
FAX (717) 665-0271

Garden Spot Mechanical, Inc.
HVAC & PLUMBING

Change Order Request Form

Date: 10/25/22

Lampeter Strasburg School district
1600 Book Rd
Lancaster, PA 17602
ATTN: John Pryor

Company: Garden Spot Mechanical
Address: 336 Hostetter Rd Manhiem PA 17545
Phone: 717-665-0270
Contact: Jeremy Bowles

Subcontractor C.O.R. # 3

Re: LS Capital Improvements

Phase # _____

Description: Aquastats for DHWR pumps

Material				
Quantity	Unit	Material Description	Unit Cost	Total Cost
40'		12/3 MC cable		\$ 26.00
1 pack		mc cable straps		\$ 10.00
4		Ranco ETC-111000		\$ 255.00
				\$ -
				\$ -
			Sub-total	
Sales Tax			\$	-
			Sub-total	\$ 291.00
Overhead & Profit 15%			\$	51.35
			Total Material	\$ 324.35

Labor			
Classification	Total Hourly Rate	Hours	Total
1 Plumber	\$ 67.00	13	\$ 804.00
		Sub Total	\$ 804.00
Overhead & Profit 15%		\$	141.88
		Total Labor	\$ 945.88

336 HOSTETTER ROAD
MANHEIM, PA 17545



Garden Spot Mechanical, Inc.
HVAC & PLUMBING

TEL (717) 665-0270
FAX (717) 665-0271

Subcontractors		
Company	Scope	Total Cost
		\$ -
		\$ -
		\$ -
		Sub-total \$ -
Overhead & Profit 5%		\$ -
		Total Subcontractors \$ -

Equipment			
Equipment Type	Hours/Rental Units (DAY)	Hours/Rental Cost	Total Cost
			\$ -
			\$ -
			\$ -
			\$ -
			Sub-total \$ -
Overhead & Profit			\$ -
			Total Equipment \$ -

Change Order Request Add Summary	
Total Material	\$ 324.35
Total Labor	\$ 945.88
Total Subcontractors	\$ -
Total Equipment	\$ -
Sub-Total	\$ 1,270.23
Bond 0%	\$ -
TOTAL ADD	\$1,270.00

Therefore our change order request is: ADD \$1270.00

2021-2022 PSSA RESULTS

ENGLISH LANGUAGE ARTS					
Grade	2019 % Adv/Pro	2020 % Adv/Pro	2021 % Adv/Pro	2022 % Adv/Pro	2022 State Average
Hans Herr					
3	81.32%	-	75.50%	64.4%	52.3%
4	84.51%	-	74.75%	70.5%	52.2%
5	76.11%	-	71.25%	72.2%	53.6%
Martin Meylin					
6	73.54%	-	75.12%	73.3 %	56.1%
7	75.66%	-	67.00%	76.5%	57.2%
8	74.48%	-	59.11%	71.6%	55.6%

MATHEMATICS					
Grade	2019 % Adv/Pro	2020 % Adv/Pro	2021 % Adv/Pro	2022 % Adv/Pro	2022 State Average
Hans Herr					
3	73.77%	-	62.81%	61.5%	47.7%
4	71.68%	-	56.72%	68.7%	42.3%
5	57.33%	-	53.42%	47.8%	35.4%
Martin Meylin					
6	53.85%	-	37.25%	43.2%	32.3%
7	48.23%	-	44.22%	41.5%	27.0%
8	50.63%	-	33.33%	43.1%	22.6%

SCIENCE					
Grade	2019 % Adv/Pro	2020 % Adv/Pro	2021 % Adv/Pro	2022 % Adv/Pro	2022 State Average
Hans Herr					
4	92.89%	-	87.56%	88.9%	73.7%
Martin Meylin					
8	72.38%	-	63.37%	68.1%	51.1%

* PSSAs were not administered in 2020 due to the pandemic.

2021-2022 KEYSTONE RESULTS
Lampeter-Strasburg High School

ALGEBRA 1	Winter 2022		Spring 2022		Spring/ Winter 2022
	#	%	#	%	
Advanced	27	33%	7	7%	
Proficient	33	40%	11	11%	
Basic	17	21%	59	57%	
Below Basic	5	6%	26	25%	
Total #	82		103		185
Total Pro/Adv #					78
Total Pro/Adv %		73%		18%	
Avg Pro/Adv %					42%

BIOLOGY	Winter 2022		Spring 2022		Spring/ Winter 2022
	#	%	#	%	
Advanced	27	23%	37	30%	
Proficient	57	48%	48	39%	
Basic	21	18%	22	18%	
Below Basic	13	11%	16	13%	
Total #	118		123		241
Total Pro/Adv #					169
Total Pro/Adv %		71%		69%	
Avg Pro/Adv %					70%

LITERATURE	Winter 2022		Spring 2022		Spring/ Winter 2022
	#	%	#	%	
Advanced	14	13%	11	8%	
Proficient	64	58%	73	57%	
Basic	26	24%	30	23%	
Below Basic	6	5%	15	12%	
Total #	110		129		239
Total Pro/Adv #					162
Total Pro/Adv %		71%		65%	68%
Avg Pro/Adv %					

*Preliminary Data



Pennsylvania School Boards Association Principles for Governance and Leadership

Pennsylvania school boards are committed to providing **every** student the opportunity to grow and achieve. The actions taken by the board ultimately have both short and long-term impact in the classroom. Therefore, school directors collectively and individually will...



Advocate Earnestly

Promote public education as a keystone of democracy

Engage the community by seeking input, building support networks, and generating action

Champion public education by engaging members of local, state and federal legislative bodies



Lead Responsibly

Prepare for, attend and actively participate in board meetings

Work together in a spirit of harmony, respect and cooperation

Participate in professional development, training and board retreats

Collaborate with the Superintendent as the Team of 10



Govern Effectively

Adhere to an established set of rules and procedures for board operations

Develop, adopt, revise and review policy

Align decisions to policy

Differentiate between governance and management, delegating management tasks to administration

Allocate finances and resources

Ensure compliance with local, state and federal laws



Plan Thoughtfully

Adopt and implement a collaborative comprehensive planning process, including regular reviews

Set annual goals that are aligned with the comprehensive plan

Develop a financial plan that anticipates both short and long-term needs

Formulate a master facilities plan conducive to teaching and learning



Evaluate Continuously

Utilize appropriate data to make informed decisions

Use effective practices for the evaluation of the superintendent

Assess student growth and achievement

Review effectiveness of the comprehensive plan



Communicate Clearly

Promote open, honest and respectful dialogue among the board, staff and community

Encourage input and support for the district from the school community

Protect confidentiality

Honor the sanctity of executive session



Act Ethically

Never use the position for improper benefit to self or others

Act to avoid actual or perceived conflicts of interest

Recognize the absence of authority outside of the collective board

Respect the role, authority and input of the superintendent

Balance the responsibility to provide educational programs with being stewards of community resources

Abide by the majority decision

Represented by the signatures below, adoption of these principles assures the school board, individual school directors and chief school administrators adhere to the same principles across our commonwealth. Adopted on: _____

