

**ELIZABETHTOWN AREA SCHOOL DISTRICT**

**FINANCIAL REPORT**

**JUNE 30, 2023**

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## **INDEPENDENT AUDITOR'S REPORT**

Board of School Directors  
Elizabethtown Area School District  
Elizabethtown, Pennsylvania

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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

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

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

### ***Responsibilities of Management for the Financial Statements (Continued)***

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information as listed in the Contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information as listed in the Contents and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the Contents and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Boyer & Ritten". The signature is written in a cursive, flowing style with a large, sweeping underline.

Camp Hill, Pennsylvania  
January 31, 2024

**ELIZABETHTOWN AREA SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

The discussion and analysis of the Elizabethtown Area School District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the notes to the basic financial statements and the financial statements as a whole to enhance their understanding of the District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments*. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

**Financial Highlights**

Overall expenditures and other financing use in the general fund for the 2022-2023 fiscal year were budgeted at \$73,040,069. Revenues and other financing sources in the general fund for the 2022-2023 fiscal year were budgeted at \$73,039,101 with an anticipated reduction in fund balance of \$968. At year end, actual expenditures and other financing uses were \$74,432,518 which is \$1,392,449 more than the budgeted amount. Actual revenues at year end were \$75,603,432 which is \$2,579,331 more than the budgeted amount. At year end, other financing sources are \$3,327,570, which is \$3,312,570 more than budget due to the sale of capital assets and proceeds from leases and other right to use. When compared to budget, the actual increase in expenditures and other financing uses versus the actual increase in revenue and other financing sources resulted in an actual growth in the fund balance of approximately \$4.5 Million.

Revenues and other financing sources were more than budget by about \$5.89 million or approximately 8.0% of the budgeted revenues. The real estate market, wage volatility, the Federal Reserve interest rate increases, and sale of capital assets were the primary influence on the local revenue variances. Local revenues were over budget by approximately \$1.2 million, due to two variations in budgeted revenues. The first local revenue surplus was associated with the very active real estate market in Elizabethtown Area School District like many areas across the state and country. This resulted in the sale of many properties, this resulted in the transfer real estate taxes over budget by about \$285,600. The real estate tax collection rate of 98.49% was the highest in more than 15 years and resulted in exceeding the budget by \$314,000. The Earned Income Tax (EIT) or wage taxes were over budget by \$440,717. Lancaster County Tax Collection Bureau (LCTCB) is the collector of these EIT funds for the District. The expectation was that these revenues would have moderate growth in 2022-2023, so the budgeted revenues associated with the wage taxes for 2022-2023 was \$4,650,000 versus the actual revenue of \$5,090,718 for 2022-2023. Continued growth in the labor market with low unemployment and continue wage increases resulted in growth for this revenue. Interest rates have been steadily increasing by the Federal Reserve. This has resulted in a positive growth in interest on investments, above budgeted expectations. The budget for Interest on Investments for 2022-2023 was \$130,000 versus the actual revenue of \$541,983 was an increase in actual revenue of \$411,983.

The budgetary surplus associated with state revenue was approximately \$976,305 increase over the 2021-2022 year and was associated with two areas, Basic Education Funding (BEF), of \$670,893 and Special Education Funding (SEF) of \$298,769.

**ELIZABETHTOWN AREA SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**Financial Highlights (Continued)**

Expenditures and other financing uses were over budgeted by about \$1,392,400 or approximately 1.9% of the budgeted expenditures. The budget overage was driven by multiple factors, including total medical expenses. The District is self-funded for most of the medical expenses. There was about a 10% increase in net medical cost from 2021-2022 to 2022-2023. Cyber charter costs continue to rise. Throughout the 2022-2023 school year, the cyber charter enrollment was consistently 140 to 150 students. This enrollment resulted in cyber charter expenditures of approximately \$425,000 over budget. The final large account variation where expenses were over budget was unfunded special education mandates. These resulted in excess of \$700,000 of expense over budget.

**Using this Annual Report**

The annual report consists of a series of financial statements and notes to those statements. These statements are organized so that the reader can understand Elizabethtown Area School District as a financial whole.

The first two statements are government-wide financial statements - the statement of net position and the statement of activities. These provide both long-term and short-term information about the District’s overall financial status.

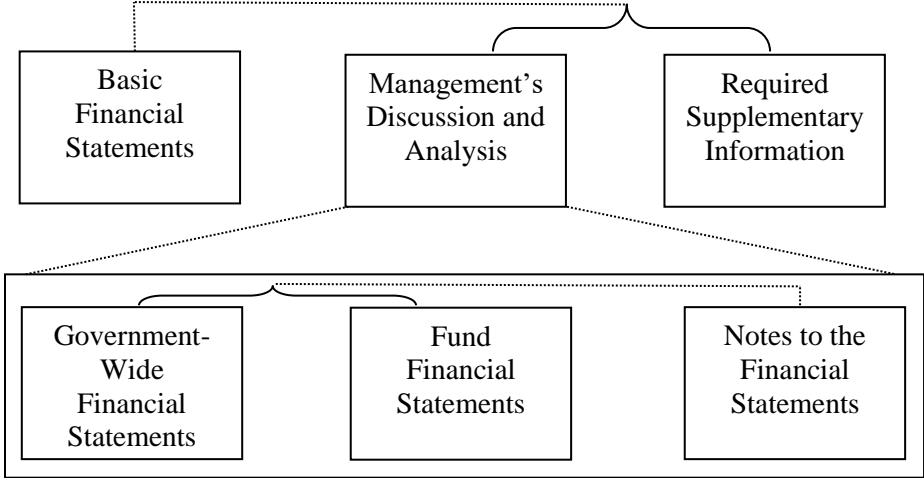
The remaining statements are fund financial statements that focus on individual parts of the District’s operations in more detail than the government-wide statements. The governmental funds statements tell how general District services were financed in the short-term as well as what remains for future spending.

Proprietary fund statements offer short-term and long-term financial information about the activities that the District operates like a business. For this District, this is our food service fund. Fiduciary fund statements provide information about financial relationships where the District acts solely as a trustee or agent for the benefit of others.

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

Figure A-1 shows how the required parts of the financial report are arranged and relate to one another.

**Figure A-1  
Required Components of Elizabethtown Area School District’s Financial Report**





**ELIZABETHTOWN AREA SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**Using this Annual Report (Continued)**

Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

<b>Figure A-2 Major Features of Elizabethtown Area School District’s Government-Wide and Fund Financial Statements</b>				
		Fund Statements		
	Government- Wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Fund
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as education, administration, and community services	Activities the District operates similar to private business - food service and internal services funds	Instances in which the District accounts for someone else’s resources - the custodial fund, which is comprised of scholarship and student activities
Required financial statements	Statement of Net Position and Statement of Activities	Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows	Statement of Net Position and Statement of Changes in Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
Type of inflow-outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

**ELIZABETHTOWN AREA SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**Overview of Financial Statements**

***Government-Wide Statements***

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

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

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

To assess the overall health of the District, the reader needs to consider additional non-financial factors, such as changes in the District's property tax base and the performance of the students.

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

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

***Fund Financial Statements***

The District's fund financial statements, which begin on page 17, provide detailed information about the most significant funds - not the District as a whole. Some funds are required by state law and by bond requirements.

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

**ELIZABETHTOWN AREA SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**Overview of Financial Statements (Continued)**

***Fund Financial Statements (Continued)***

*Proprietary funds* - These funds are used to account for the District activities that are similar to business operations in the private sector; or where the reporting is determining net income, financial position, changes in financial position, and a significant portion of funding through user charges. When the District charges customers for services it provides, whether to outside customers or to other units in the District, these services are generally reported in proprietary funds. The food service fund is the District's proprietary fund and is the same as the business-type activities we report in the government-wide statements, but provides more detail and additional information, such as cash flow.

The District's other proprietary fund is the internal service fund. This fund is used to facilitate the payments of actual claims incurred by the District's self-funded medical plan. The District contracts with a third-party administrator to process all claims and notify the District on a weekly basis of the dollar amount of claims that are to be paid.

*Fiduciary fund* - The District accounts for some scholarship and student activity transactions. With the implementation of GASB 84, Fiduciary Activities, the District fiduciary fund now includes a custodial fund, replacing the private purpose trust and student activities funds. This custodial fund is comprised of multiple scholarship funds and a student activity fund. The District's fiduciary activities are reported in separate statements of net position and changes in net position - fiduciary funds. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations.

**ELIZABETHTOWN AREA SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**Financial Analysis of the District as a Whole**

The District's total net position for governmental activities was \$(47,177,852) as of June 30, 2023. The negative unrestricted net position is due to GASB 68, *Accounting and Financial Reporting for Pensions*, which requires recognition of \$84,375,000 net pension liability at June 30, 2023, and significant footnote disclosure found in Note 11.

**Table A-1  
Fiscal Years Ended June 30, 2023 and 2022  
Net Position**

	2023			2022		
	Governmental Activities	Business-Type Activities	Total School District	Governmental Activities	Business-Type Activities	Total School District
<b>Assets</b>						
Current and other assets	\$ 33,900,610	\$ 735,771	\$ 34,636,381	\$ 29,081,229	\$ 607,487	\$ 29,688,716
Capital assets and other non-current assets	63,610,261	29,352	63,639,613	68,774,221	-	68,774,221
<b>Total assets</b>	<b>\$ 97,510,871</b>	<b>\$ 765,123</b>	<b>\$ 98,275,994</b>	<b>\$ 97,855,450</b>	<b>\$ 607,487</b>	<b>\$ 98,462,937</b>
Deferred outflows of resources	\$ 26,942,760	\$ 263,452	\$ 27,206,212	\$ 34,908,147	\$ 341,922	\$ 35,250,069
<b>Liabilities</b>						
Current and other liabilities	\$ 12,168,410	\$ 68,555	\$ 12,236,965	\$ 11,683,199	\$ 86,383	\$ 11,769,582
Long-term liabilities	139,175,288	894,227	140,069,515	149,672,151	968,406	150,640,557
<b>Total liabilities</b>	<b>\$ 151,343,698</b>	<b>\$ 962,782</b>	<b>\$ 152,306,480</b>	<b>\$ 161,355,350</b>	<b>\$ 1,054,789</b>	<b>\$ 162,410,139</b>
Deferred inflows of resources	\$ 20,287,785	\$ 186,310	\$ 20,474,095	\$ 24,621,253	\$ 234,650	\$ 24,855,903
<b>Net Position</b>						
Net Investment in capital assets	\$ 13,260,465	\$ 29,352	\$ 13,289,817	\$ 24,216,785	\$ -	\$ 24,216,785
Restricted	8,610,819	-	8,610,819	3,298,226	-	3,298,226
Unrestricted deficit	(69,049,136)	(149,869)	(69,199,005)	(80,728,017)	(340,030)	(81,068,047)
<b>Total net deficit</b>	<b>\$ (47,177,852)</b>	<b>\$ (120,517)</b>	<b>\$ (47,298,369)</b>	<b>\$ (53,213,006)</b>	<b>\$ (340,030)</b>	<b>\$ (53,553,036)</b>

Most of the District's net position is invested in capital assets (buildings, land, and equipment). The remaining unrestricted net position is a combination of designated and undesignated amounts. The deferred inflows and outflows of resources are discussed in Note 1 to the financial statements. The negative unrestricted net position is due to the requirement of the District to report its proportionate share of the PSERS net pension liability as defined in GASB Statement No. 68. Note 11 of these financial statements further explains the defined benefit pension plan.

The results of this year's operations as a whole are reported in the statement of activities on pages 15 and 16. All expenses are reported in the first column. Specific charges, grants, revenues, and subsidies that directly relate to specific expense categories are represented to determine the final amount of the District's activities that are supported by other general revenues.

The two largest general revenues are the local real estate taxes assessed to community taxpayers and basic education subsidy provided by the State of Pennsylvania.

**ELIZABETHTOWN AREA SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**Financial Analysis of the District as a Whole (Continued)**

Table A-2 takes the information from the statement of activities and rearranges it slightly so that you can see the total revenues for the year.

**Table A-2  
Fiscal Years Ended June 30, 2023 and 2022  
Changes in Net Position**

	2023			2022		
	Governmental Activities	Business-Type Activities	Total District	Governmental Activities	Business-Type Activities	Total School District
<b>Revenues:</b>						
Program Revenues						
Charges for Services	\$ 736,088	\$ 712,571	\$ 1,448,659	\$ 551,660	\$ 207,934	\$ 759,594
Operating Grants and Contributions	14,320,329	1,299,298	15,619,627	13,434,769	1,977,692	15,412,461
General Revenue						
Property Taxes	42,524,708	-	42,524,708	41,014,564	-	41,014,564
Other Taxes	6,218,951	-	6,218,951	6,108,828	-	6,108,828
Unrestricted grants and subsidies	11,125,279	-	11,125,279	9,943,217	-	9,943,217
Unrestricted contributions	-	-	-	-	-	-
Unrestricted Investment Earnings	689,793	10,591	700,384	118,078	835	118,913
Gain on sale of capital assets	606,671	-	606,671	-	-	-
Miscellaneous income	243,318	-	243,318	200,421	-	200,421
<b>Total Revenues</b>	<b>76,465,137</b>	<b>2,022,460</b>	<b>78,487,597</b>	<b>71,371,537</b>	<b>2,186,461</b>	<b>73,557,998</b>
<b>Expenses</b>						
Instructional Programs	48,063,684	-	48,063,684	45,900,085	-	45,900,085
Instructional Student Support	5,151,783	-	5,151,783	5,013,592	-	5,013,592
Administrative, Financial, and Central Support Services	6,629,765	-	6,629,765	7,544,127	-	7,544,127
Operation and maintenance of Plant Services	5,460,361	-	5,460,361	5,611,844	-	5,611,844
Pupil Transportation	2,807,114	-	2,807,114	2,477,761	-	2,477,761
Student Activities	1,250,941	-	1,250,941	1,190,858	-	1,190,858
Community Services	14,304	-	14,304	5,144	-	5,144
Interest on long-term debt	1,052,031	-	1,052,031	1,475,232	-	1,475,232
Food Services	-	1,802,947	1,802,947	-	1,157,698	1,157,698
<b>Total Expenses</b>	<b>70,429,983</b>	<b>1,802,947</b>	<b>72,232,930</b>	<b>69,218,643</b>	<b>1,157,698</b>	<b>70,376,341</b>
<b>Increase (Decrease) in Net Position</b>	<b>\$ 6,035,154</b>	<b>\$ 219,513</b>	<b>\$ 6,254,667</b>	<b>\$ 2,152,894</b>	<b>\$ 1,028,763</b>	<b>\$ 3,181,657</b>

For the year ended June 30, 2023, government wide revenues increased by \$5,093,600 most of this was due to an increase of approximately \$1,620,267 in property taxes and real estate transfer taxes, and an increase in investment earnings and grants and subsidies of \$2,639,337. For the year ended June 30, 2022, government wide expenses decreased by \$1,211,340 most impacted by the reduction in Financial and Central Support Services.

**ELIZABETHTOWN AREA SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**Financial Analysis of the District as a Whole (Continued)**

Table A-3 shows the District's eight largest functions - instructional programs, instructional student support, administrative, financial, and central support services, operation and maintenance of plant services, pupil transportation, student activities, community services, and interest on long-term debt, as well as each program's net cost (total cost less revenues generated by the activities). This table also shows the net costs offset by the other unrestricted grants and subsidies to show the remaining financial needs supported by local taxes and other miscellaneous revenues.

**Table A-3  
Fiscal Years Ended June 30, 2023 and 2022  
Governmental Activities**

	<u>2023</u>		<u>2022</u>	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instructional Programs	\$ 48,063,684	\$ 36,648,866	\$ 45,900,085	\$ 35,743,324
Instructional student support	5,151,783	4,249,701	5,013,592	4,221,576
Administrative, Financial and Central Support Services	6,629,765	5,589,176	7,544,127	6,230,652
Operation and maintenance of plant services	5,460,361	5,119,903	5,611,844	5,241,237
Pupil transportation	2,807,114	1,849,152	2,477,761	1,545,797
Student activities	1,250,941	959,425	1,190,858	925,447
Community services	14,304	9,187	5,144	5,144
Interest on long-term debt	1,052,031	948,156	1,475,232	1,319,037
<b>Total Governmental Activities</b>	<b>\$ 70,429,983</b>	<b>\$ 55,373,566</b>	<b>\$ 69,218,643</b>	<b>\$ 55,232,214</b>
Unrestricted Grants and Subsidies		(11,125,279)		(9,943,217)
<b>Total needs from taxes and other local sources</b>		<b>\$ 44,248,287</b>		<b>\$ 45,288,997</b>

Table A-4 reflects the activities of the food service program, the only business-type activity of the District.

**Table A-4  
Fiscal Years Ended June 30, 2023 and 2022  
Business-Type Activities**

	<u>2023</u>		<u>2022</u>	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Food service	\$ 1,802,947	\$ (208,922)	\$ 1,157,698	\$ (1,027,928)

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

**ELIZABETHTOWN AREA SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**The District Funds**

As of June 30, 2023, the District’s governmental funds reported a combined fund balance of \$24,907,446, which is an increase of \$4,864,783 over the previous year. The primary reason for this change is explained below:

The general fund balance increased as a result of the sale of Mill Road and Rheems schools, increased federal and state funding, and the local economy outperforming expectations in the measurement of real estate taxes, wage taxes, real estate transfer, and delinquent real estate taxes.

**General Fund Budget**

During the fiscal year, the Board of School Directors (Board) authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. A schedule, showing the District’s original and final budget amounts compared with amounts actually paid and received, is provided on page 69.

Transfers between specific categories of expenditures and financing uses occur during the year. The transfers occur from expenditure categories that were underspent to expenditure categories that were overspent.

The budgetary reserve includes amounts that will be funded by designated fund balance for planned opportunities of expenditures for improvements and enhancements to the District operations. These amounts will only be appropriated into expenditure categories if the fiscal results of the prior year end with a positive addition to fund balance, which exceeds the total of these projected expenditures. The Board is using this method of budgeting to control tax increases while also protecting the integrity of the fund balance.

**Capital Assets and Debt Administration**

*Capital Assets - Governmental Activities*

**Table A-5  
Governmental Activities  
Capital Assets (Net of Depreciation/Amortization)**

	<b>2023</b>	<b>2022</b>
Governmental Activities:		
Land and land improvements	\$ 3,724,806	\$ 4,125,149
Building and building improvements	55,781,735	62,027,199
Furniture and equipment	2,717,929	2,485,761
Vehicles	263,883	136,112
Right-to-use leased equipment	210,049	-
Right-to-use subscription assets	471,060	-
Construction in progress (CIP)	440,799	-
	\$ 63,610,261	\$ 68,774,221

**ELIZABETHTOWN AREA SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**Debt Administration**

As of July 1, 2022, the District had a total outstanding bond principal of \$50,830,000. During the year, the District decreased the principal in the amount of \$3,065,000. Current year debt service activity resulted in an ending outstanding debt as of June 30, 2023, of \$47,765,000.

**Table A-6  
Outstanding Debt**

Issue:	2023	2022
Series of 2019	4,820,000	5,770,000
Series of 2019A	9,060,000	9,065,000
Series of 2020	8,930,000	9,485,000
Series of 2020A	6,745,000	7,490,000
Series of 2021	5,000,000	5,100,000
Series of 2021A	3,775,000	4,315,000
Series of 2022	9,435,000	9,605,000
	\$ 47,765,000	\$ 50,830,000

More detailed information about our long-term debt is included in Note 10 to the financial statements.

**Economic Factors and Next Year’s Budgets and Rates**

The District’s general obligation bond rating is a Moody’s Aa3 (assigned January 6, 2022). This Aa3 has been a consistent rating for the District for many years. The Aa3 rating is based upon the additional security for bonds provided by the Commonwealth of Pennsylvania Act 150 School District Intercept Program. The Act provides for undistributed state aid to be diverted to bond holders in the event of default. When assigning its rating, Moody’s cited the District’s satisfactory financial position with reserves that have been markedly stable over the past several years. The rating further reflects our expectation of continued financial stability in the near term despite any coronavirus-related concerns, given annual property tax increases and modest reliance on earned income tax. The District’s moderately-sized tax base has a good amount of new development currently underway and is characterized by average resident wealth and income levels. Additionally, the rating considers the District’s somewhat elevated debt burden and manageable pension liability.

The District does not expect a significant growth in student population. Despite a good amount of available land, current zoning ordinances discourage residential development. Increases in assessed values have been relatively low in recent years, primarily as a result of the District being a residential community with few large employers and some properties that qualify as exempt or for preferential assessment under the Clean and Green Act. The District is authorized by the Local Economic Revitalization Tax Assistance Act (LERTA) to provide tax exemption for new construction in deteriorated areas of economically depressed communities and for improvements to certain deteriorated industrial, commercial, and other business properties to encourage development and job growth within the District.



**ELIZABETHTOWN AREA SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**Economic Factors and Next Year’s Budgets and Rates (Continued)**

The wage tax shows a steady annual increase that generally reflects increases at or slightly above the CPI, an indication that employment opportunities are available for residents of our District. This growth continued through the 2022-2023 budget year despite the COVID-19 challenges and resulted in EIT revenues exceeding the budget by approximately \$440,717. This wage tax is projected to continue to grow through 2023-2024.

The comparison of revenue and expenditure categories is as follows:

**Table A-7  
Budgeted Revenues**

	2023-2024	2022-2023
Local sources	67.8%	67.9%
State sources	28.9%	28.8%
Federal sources	3.3%	3.3%

**Budgeted Expenditures**

	2023-2024	2022-2023
Instruction	59.0%	65.2%
Support services	24.4%	25.6%
Athletic and extracurricular	1.5%	1.7%
Facilities	8.3%	0.0%
Fund transfers/debt	6.8%	7.5%

The District anticipates increased costs for 2023-2024 related to continued higher utilization of cyber charter schools by some families in the District, increased benefit and technology costs. Additionally, the District anticipates facility renovations associated with the high school and middle school complex four to six years from now. The District assigned fund balance at June 30, 2023, of \$2,600,000 for facility improvements, \$2,600,000 for health fund and technology, and \$700,000 for increased cyber charter school expenses.

**Contacting the District Business Administrator**

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors, and creditors with a general overview of the District’s finances and to show the Board’s accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact Tom Strickler, Chief Finance and Operations Officer, Elizabethtown Area School District, 600 East High Street, Elizabethtown, PA 17022.

**ELIZABETHTOWN AREA SCHOOL DISTRICT**

**STATEMENT OF NET POSITION**

**June 30, 2023**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 28,754,215	\$ 684,763	\$ 29,438,978
Taxes receivable, net	1,343,256	-	1,343,256
Internal balances	4,333	(4,333)	-
Due from other governments	3,090,212	3,256	3,093,468
Other receivables	352,249	-	352,249
Inventories	109,300	52,085	161,385
Prepaid expenses	247,045	-	247,045
<b>Total current assets</b>	<b>33,900,610</b>	<b>735,771</b>	<b>34,636,381</b>
Capital Assets			
Land and construction-in-progress	1,466,012	-	1,466,012
Other capital assets, net of depreciation/amortization	62,144,249	29,352	62,173,601
<b>Total capital assets</b>	<b>63,610,261</b>	<b>29,352</b>	<b>63,639,613</b>
<b>Total assets</b>	<b>\$ 97,510,871</b>	<b>\$ 765,123</b>	<b>\$ 98,275,994</b>
<b>Deferred Outflows of Resources</b>			
Pension	\$ 24,048,000	\$ 243,000	\$ 24,291,000
Other postemployment benefits	2,894,760	20,452	2,915,212
<b>Total deferred outflows of resources</b>	<b>\$ 26,942,760</b>	<b>\$ 263,452</b>	<b>\$ 27,206,212</b>
<b>Liabilities</b>			
Current Liabilities			
Accounts payable	\$ 1,014,007	\$ 7,440	\$ 1,021,447
Current portion of long-term debt	3,407,004	-	3,407,004
Accrued salaries and benefits	6,022,675	2,470	6,025,145
Accrued interest on long-term debt	273,157	-	273,157
Payroll deductions and withholdings	261,980	-	261,980
Unearned revenues	110,576	58,645	169,221
Due to other governments	340,438	-	340,438
Other current liabilities	738,573	-	738,573
<b>Total current liabilities</b>	<b>12,168,410</b>	<b>68,555</b>	<b>12,236,965</b>
Noncurrent Liabilities			
Long-term portion of bonds payable, net of unamortized premiums and discounts	46,140,501	-	46,140,501
Long-term portion of compensated absences	2,149,714	-	2,149,714
Long-term portion of lease payable	169,665	-	169,665
Long-term portion of subscription liability	392,625	-	392,625
Net pension liability	84,375,000	852,000	85,227,000
Net other postemployment benefit liabilities	5,947,783	42,227	5,990,010
<b>Total long-term liabilities</b>	<b>139,175,288</b>	<b>894,227</b>	<b>140,069,515</b>
<b>Total liabilities</b>	<b>\$ 151,343,698</b>	<b>\$ 962,782</b>	<b>\$ 152,306,480</b>
<b>Deferred Inflows of Resources</b>			
Gain on bonding refunding, net of accumulated amortization	\$ 338,884	\$ -	\$ 338,884
Pension	15,082,000	152,000	15,234,000
Other postemployment benefits	4,866,901	34,310	4,901,211
<b>Total deferred inflows of resources</b>	<b>\$ 20,287,785</b>	<b>\$ 186,310</b>	<b>\$ 20,474,095</b>
<b>Net Position (Deficit)</b>			
Net investment in capital assets	\$ 13,260,465	\$ 29,352	\$ 13,289,817
Restricted			
Capital Projects	8,610,819	-	8,610,819
Unrestricted deficit	(69,049,136)	(149,869)	(69,199,005)
<b>Total net position</b>	<b>\$ (47,177,852)</b>	<b>\$ (120,517)</b>	<b>\$ (47,298,369)</b>

See Notes to Financial Statements.

**ELIZABETHTOWN AREA SCHOOL DISTRICT**

**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
Instruction	\$ 48,063,684	\$ 528,837	\$ 10,885,981	\$ -	\$ (36,648,866)	\$ -	\$ (36,648,866)
Instructional student support	5,151,783	-	902,082	-	(4,249,701)	-	(4,249,701)
Administrative, financial and central support services	6,629,765	-	1,040,589	-	(5,589,176)	-	(5,589,176)
Operation and maintenance of plant services	5,460,361	36,806	303,652	-	(5,119,903)	-	(5,119,903)
Pupil transportation	2,807,114	-	957,962	-	(1,849,152)	-	(1,849,152)
Student activities	1,250,941	170,445	121,071	-	(959,425)	-	(959,425)
Community services	14,304	-	5,117	-	(9,187)	-	(9,187)
Interest on long-term debt	1,052,031	-	103,875	-	(948,156)	-	(948,156)
<b>Total governmental activities</b>	<b>70,429,983</b>	<b>736,088</b>	<b>14,320,329</b>	<b>-</b>	<b>(55,373,566)</b>	<b>-</b>	<b>(55,373,566)</b>
<b>Business-Type Activities:</b>							
Food Service	1,802,947	712,571	1,299,298	-	-	208,922	208,922
<b>Total primary government</b>	<b>\$ 72,232,930</b>	<b>\$ 1,448,659</b>	<b>\$ 15,619,627</b>	<b>\$ -</b>	<b>\$ (55,373,566)</b>	<b>\$ 208,922</b>	<b>\$ (55,164,644)</b>
<b>General Revenues:</b>							
Property taxes, levied for general purposes, net					\$ 42,524,708	\$ -	\$ 42,524,708
Public utility realty, earned income, and other taxes levied for general purposes, net					6,218,951	-	6,218,951
Unrestricted grants and subsidies					11,125,279	-	11,125,279
Investment earnings					689,793	10,591	700,384
Gain on sale of capital assets					606,671	-	606,671
Miscellaneous income					243,318	-	243,318
<b>Total general revenues</b>					<b>61,408,720</b>	<b>10,591</b>	<b>61,419,311</b>
<b>Changes in net position</b>					<b>6,035,154</b>	<b>219,513</b>	<b>6,254,667</b>
Net Position - July 1, 2022					(53,213,006)	(340,030)	(53,553,036)
Net Position - June 30, 2023					\$ (47,177,852)	\$ (120,517)	\$ (47,298,369)

See Notes to Financial Statements.

**ELIZABETHTOWN AREA SCHOOL DISTRICT**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

**June 30, 2023**

	Major Funds			
	General Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 20,076,145	\$ 8,261,979	\$ -	\$ 28,338,124
Taxes receivable, net	1,343,256	-	-	1,343,256
Due from other funds	3,675	599,491	-	603,166
Due from other governments	3,090,212	-	-	3,090,212
Interfund advances receivable	658	-	-	658
Other receivables	56,526	-	-	56,526
Prepaid expenses	48,005	-	-	48,005
Inventories	109,300	-	-	109,300
<b>Total assets</b>	<b>\$ 24,727,777</b>	<b>\$ 8,861,470</b>	<b>\$ -</b>	<b>\$ 33,589,247</b>
<b>Liabilities</b>				
Accounts payable	\$ 774,006	\$ 240,001	\$ -	\$ 1,014,007
Due to other funds	588,841	10,650	-	599,491
Accrued salaries and benefits	6,022,675	-	-	6,022,675
Payroll deductions and withholdings	261,980	-	-	261,980
Payable to other governments	340,438	-	-	340,438
Unearned revenues	110,576	-	-	110,576
<b>Total liabilities</b>	<b>8,098,516</b>	<b>250,651</b>	<b>-</b>	<b>8,349,167</b>
<b>Deferred Inflows of Resources</b>				
Delinquent taxes	332,634	-	-	332,634
<b>Fund Balances</b>				
Nonspendable	157,305	-	-	157,305
Restricted	-	8,610,819	-	8,610,819
Committed	8,700,000	-	-	8,700,000
Assigned	5,900,000	-	-	5,900,000
Unassigned	1,539,322	-	-	1,539,322
<b>Total fund balances</b>	<b>16,296,627</b>	<b>8,610,819</b>	<b>-</b>	<b>24,907,446</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 24,727,777</b>	<b>\$ 8,861,470</b>	<b>\$ -</b>	<b>\$ 33,589,247</b>

See Notes to Financial Statements.

**ELIZABETHTOWN AREA SCHOOL DISTRICT**

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

<b>Total fund balances - governmental funds</b>		\$ 24,907,446
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds. The cost of assets is \$111,626,413 and the accumulated depreciation is \$48,016,152.		63,610,261
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.		172,280
Property taxes are available for collection this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.		332,635
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Bonds payable	(47,765,000)	
Accrued interest on long-term debt	(273,157)	
Bonds premium, net of amortization	(1,665,501)	
Lease payable	(215,007)	
Subscription liability	(464,287)	
Compensated Absences	(2,149,714)	
Net other postemployment benefits (OPEB) liabilities	(5,947,783)	
Net pension liability	<u>(84,375,000)</u>	(142,855,449)
Deferred outflows of resources - pension and OPEB are not due and payable in the current period and, therefore, are not reported in the funds.		26,942,760
Deferred inflows of resources - pension, OPEB, and refinancing gain are not due and collectable in the current period and, therefore, are not reported in the funds.		<u>(20,287,785)</u>
<b>Total net deficit - governmental activities</b>		<u>\$ (47,177,852)</u>

See Notes to Financial Statements.

**ELIZABETHTOWN AREA SCHOOL DISTRICT**

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

	Major Funds			Totals Governmental Funds
	General Fund	Capital Projects Fund	Debt Service Fund	
<b>Revenues</b>				
Local sources				
Real estate taxes	\$ 42,461,576	\$ -	\$ -	\$ 42,461,576
Other taxes	6,218,951	-	-	6,218,951
Investment earnings	541,983	147,809	-	689,792
Other revenue	2,026,937	-	-	2,026,937
Total local sources	51,249,447	147,809	-	51,397,256
State sources	22,050,129	-	-	22,050,129
Federal sources	2,303,856	-	-	2,303,856
<b>Total revenues</b>	<b>75,603,432</b>	<b>147,809</b>	<b>-</b>	<b>75,751,241</b>
<b>Expenditures</b>				
Instructional services	47,080,452	-	-	47,080,452
Support services	20,251,878	182,466	-	20,434,344
Noninstructional services	1,231,387	-	-	1,231,387
Capital outlay	219,078	534,705	-	753,783
Debt service	127,983	-	4,469,895	4,597,878
<b>Total expenditures</b>	<b>68,910,778</b>	<b>717,171</b>	<b>4,469,895</b>	<b>74,097,844</b>
<b>Excess (deficiency) of revenues         over expenditures</b>	<b>6,692,654</b>	<b>(569,362)</b>	<b>(4,469,895)</b>	<b>1,653,397</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in (out)	(5,405,556)	935,661	4,469,895	-
Refund of prior year receipts	(116,184)	-	-	(116,184)
Refund of prior years expenditures	44,093	-	-	44,093
Proceeds on sale of capital assets	2,866,662	-	-	2,866,662
Proceeds from leases and other right to use arrangement	416,815	-	-	416,815
<b>Total other financing sources (uses)</b>	<b>(2,194,170)</b>	<b>935,661</b>	<b>4,469,895</b>	<b>3,211,386</b>
<b>Net changes in fund balances</b>	<b>4,498,484</b>	<b>366,299</b>	<b>-</b>	<b>4,864,783</b>
<b>Fund Balances:</b>				
July 1, 2022	11,798,143	8,244,520	-	20,042,663
June 30, 2023	\$ 16,296,627	\$ 8,610,819	\$ -	\$ 24,907,446

See Notes to Financial Statements.

**ELIZABETHTOWN AREA SCHOOL DISTRICT**

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

**Year Ended June 30, 2023**

<b>Net changes in fund balances - total governmental funds</b>	<b>\$ 4,864,783</b>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The amount by which depreciation/amortization exceed capital outlays in the period is as follows:	
Capital outlays	1,718,548
Depreciation/amortization expense	(5,001,500) (3,282,952)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to decrease net position.	(2,259,990)
Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered available revenues in the governmental funds. Deferred tax revenues increased by this amount this year.	63,133
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditures in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest accrued in the Statement of Activities over the amount due is shown here.	22,782
The change in net position in the Internal Service Fund is reported within governmental activities.	(274,524)
Governmental funds report district pension and OPEB contributions as expenditures. However in the Statement of Activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as pension and OPEB expense.	
District pension and OPEB contributions (PSERS)	10,239,000
Cost of benefits earned net of employee contributions (PSERS)	(5,856,500)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Change in compensated absences	(537,094)
Other post-employment benefits (District Plan)	(49,734)
The issuance of long-term obligations (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The net effect of these differences in the treatment of long-term obligations and related items is as follows:	
Repayment of debt principal	3,065,000
Amortization of refunding gain (loss)	35,107
Amortization of bond premiums and discounts - net	306,455
Issuance of leases payable	(247,116)
Issuance of subscription liability	(169,699)
Repayment of leases payable	32,109
Repayment of subscription liability	84,394
	<u>3,106,250</u>
<b>Change in net position - governmental activities</b>	<b>\$ <u>6,035,154</u></b>

See Notes to Financial Statements.

ELIZABETHTOWN AREA SCHOOL DISTRICT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
June 30, 2023

	Major Enterprise Fund	
	Food Service Fund	Internal Service Fund
<b>Assets</b>		
Cash and cash equivalents	\$ 684,763	\$ 416,090
Receivables		
Federal subsidies	3,256	-
Other	-	295,723
Inventories	52,085	-
Prepaid expenses	-	199,040
Capital assets		
Machinery and equipment	107,262	-
Accumulated depreciation	(77,910)	-
<b>Total assets</b>	<b>\$ 769,456</b>	<b>\$ 910,853</b>
<b>Deferred Outflows of Resources</b>		
Deferred amounts on pension liability	\$ 243,000	\$ -
Deferred amounts on other post-employment benefits liabilities	20,452	-
<b>Total deferred outflows of resources</b>	<b>\$ 263,452</b>	<b>\$ -</b>
<b>Liabilities</b>		
Accounts payable	\$ 7,440	\$ 738,573
Due to other funds	4,333	-
Accrued salaries and benefits	2,470	-
Unearned revenues	58,645	-
Long-term liabilities		
Net pension liability	852,000	-
Other post-employment benefits liabilities	42,227	-
Total long-term liabilities	894,227	-
<b>Total liabilities</b>	<b>\$ 967,115</b>	<b>\$ 738,573</b>
<b>Deferred Inflows of Resources</b>		
Deferred amounts on pension liability	\$ 152,000	\$ -
Deferred amounts on other post-employment benefits liabilities	34,310	-
<b>Total deferred inflows of resources</b>	<b>\$ 186,310</b>	<b>\$ -</b>
<b>Net Position (Deficit)</b>		
Net investment in capital assets	\$ 29,352	\$ -
Unrestricted (deficit)	(149,869)	172,280
<b>Total Net Position</b>	<b>\$ (120,517)</b>	<b>\$ 172,280</b>

See Notes to Financial Statements.



ELIZABETHTOWN AREA SCHOOL DISTRICT

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

	Major Enterprise Fund	
	Food Service Fund	Internal Service Fund
Operating Revenues		
Food service revenue	\$ 712,571	\$ -
Charges for services	-	6,745,822
<b>Total operating revenues</b>	<b>712,571</b>	<b>6,745,822</b>
Operating Expenses		
Salaries	209,795	-
Employee benefits	110,995	7,033,399
Other purchased services	1,316,080	-
Repairs and maintenance	33,766	-
Supplies	131,908	-
Depreciation	403	-
<b>Total operating expenses</b>	<b>1,802,947</b>	<b>7,033,399</b>
<b>Operating loss</b>	<b>(1,090,376)</b>	<b>(287,577)</b>
Nonoperating Revenues		
Investment earnings	10,591	13,053
State sources	192,387	-
Federal sources	1,011,958	-
Value of donated commodities	94,953	-
<b>Total nonoperating revenues</b>	<b>1,309,889</b>	<b>13,053</b>
<b>Changes in net position</b>	<b>219,513</b>	<b>(274,524)</b>
Net Position - July 1, 2022	(340,030)	446,804
Net Position - June 30, 2023	\$ (120,517)	\$ 172,280

See Notes to Financial Statements.

**ELIZABETHTOWN AREA SCHOOL DISTRICT**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**

**Year Ended June 30, 2023**

	Major Enterprise Fund	
	Food Service Fund	Internal Service Fund
<b>Cash Flows From Operating Activities</b>		
Cash received from users	\$ 699,265	\$ -
Cash received from assessments made to other funds	-	6,745,818
Cash payments to employees for services	(365,513)	-
Cash payments to suppliers for goods and services	(1,477,819)	(7,254,160)
<b>Net cash used in operating activities</b>	<b>(1,144,067)</b>	<b>(508,342)</b>
<b>Cash Flows from Capital and Related Financing Activities</b>		
<b>Purchase of property and equipment</b>	(29,755)	-
<b>Cash Flows From Non-Capital Financing Activities</b>		
State sources	192,513	-
Federal sources	1,012,584	-
<b>Net cash provided by non-capital financing activities</b>	<b>1,205,097</b>	<b>-</b>
<b>Cash Flows From Investing Activities</b>		
Investment earnings	10,591	13,053
<b>Net cash provided by investing activities</b>	<b>10,591</b>	<b>13,053</b>
<b>Net change in cash and cash equivalents</b>	<b>41,866</b>	<b>(495,289)</b>
<b>Cash and Cash Equivalents:</b>		
July 1, 2022	642,897	911,379
June 30, 2023	<b>\$ 684,763</b>	<b>\$ 416,090</b>
<b>Reconciliation of Operating Loss to Net Cash Used in Operating Activities</b>		
Operating loss	\$ (1,090,376)	\$ (287,577)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	403	
Value of donated commodities	94,953	
Decrease (Increase) in:		
Receivables	3,926	(99,440)
Due from other funds	11,676	-
Inventory	(14,767)	-
Prepaid expense	-	1,816
Deferred outflows of resources	78,470	-
Increase (decrease) in:		
Accounts payable	(18,242)	(123,137)
Accrued salaries and benefits	(674)	-
Unearned revenue	1,088	-
Due to other funds	(88,005)	(4)
Net pension liability	(58,000)	-
OPEB liabilities	(16,179)	-
Deferred inflows of resources	(48,340)	-
<b>Net cash used in operating activities</b>	<b>\$ (1,144,067)</b>	<b>\$ (508,342)</b>
<b>Supplemental Disclosure</b>		
Noncash non-capital financing activity		
Receipt of USDA donated commodities	\$ 109,347	\$ -

See Notes to Financial Statements.

**ELIZABETHTOWN AREA SCHOOL DISTRICT**

**STATEMENT OF FIDUCIARY NET POSITION**  
**June 30, 2023**

	Custodial Fund
<hr/>	
<b>Assets</b>	
Cash and cash equivalents	\$ 547,769
Accounts receivable	2,275
<b>Total assets</b>	<hr/> <b>\$ 550,044</b> <hr/>
 <b>Liabilities</b>	
Accounts payable	\$ 10,750
<b>Total liabilities</b>	<hr/> <b>\$ 10,750</b> <hr/>
 <b>Net Position</b>	
Restricted for:	
Held in trust for scholarships	\$ 103,490
Held in trust for health programs	405
Endowments	323,978
Student activities	111,421
<b>Total net position</b>	<hr/> <b>539,294</b> <hr/>
 <b>Total liabilities and net position</b>	<hr/> <b>\$ 550,044</b> <hr/>

See Notes to Financial Statements.

**ELIZABETHTOWN AREA SCHOOL DISTRICT**

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

	Custodial Fund
<hr/>	
Additions	
Gifts and contributions	\$ 9,117
Fees and collections	155,523
Investment earnings	7,397
<b>Total additions</b>	<hr/> 172,037 <hr/>
Deductions	
Student activity expenses	146,324
Scholarship awarded	16,375
<b>Total deductions</b>	<hr/> 162,699 <hr/>
 <b>Changes in net position</b>	 9,338
Net Position:	
July 1, 2022	529,956
June 30, 2023	<hr/> \$ 539,294 <hr/>

See Notes to Financial Statements.

# ELIZABETHTOWN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies

Elizabethtown Area School District (the District), located in Lancaster County, Pennsylvania, provides a full range of educational services appropriate to grade levels kindergarten through 12th to students living in Elizabethtown Borough, Mount Joy, West Donegal and Conoy Townships. These include regular, advanced academic, vocational education programs and special education programs for gifted and handicapped children. The governing body of the District is a board of nine school directors who are each elected for a four-year term. The daily operation and management of the District is carried out by the administrative staff of the District, headed by the Superintendent of Schools who is appointed by the Board of School Directors. The District is comprised of three elementary schools, one middle school, and one high school, serving approximately 3,700 students.

The accounting policies of Elizabethtown Area School District conform with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies are as follows:

#### A. Reporting Entity

Consistent with guidance contained in Statement No. 14 of the GASB, The Financial Reporting Entity, and as amended, the criteria used by the District to evaluate the possible inclusion of related entities (authorities, boards, councils and so forth) within its reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given case, the District reviews the applicability of the following criteria:

The District is financially accountable for:

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

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

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

3. Organizations which are fiscally dependent on the District and have a financial benefit or burden as defined above. Fiscal dependency is established if the organization is unable to adopt its own budget, levy taxes or set rates or charges, or issue bonded debt without the approval of the District.

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

# ELIZABETHTOWN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### B. Joint Ventures

Lancaster County Career and Technology Center: The District is one of 16-member school districts of the Lancaster County Career and Technology Center (LCCTC). LCCTC provides vocational-technical training and education to participating students of the member school districts. LCCTC is controlled and governed by the area Career and Technology Center Board for Lancaster County, which is comprised of school board members of all the member school districts. No member school district exercises specific control over the fiscal policies or operations of LCCTC. The LCCTC is not reported as part of the District's reporting entity. The District's share of annual operating costs for LCCTC fluctuates, based upon the percentage of enrollment of each member school district. The amount paid for these services for the year ended June 30, 2023, was approximately \$1,311,745. Complete general purpose financial statements for LCCTC can be obtained from the Administrative Office at 1730 Hans Herr Drive, P.O. Box 527, Willow Street, PA 17584.

Lancaster County Career and Technology Center Authority: The District is also a member of the Lancaster County Career and Technology Center Authority (LCCTC Authority). In 1968, the LCCTC Authority entered into an agreement with the member school districts and the Career and Technology Center Board to acquire land and construct buildings to provide the facilities for the operation of LCCTC. In 1995, the LCCTC Authority entered into an additional agreement with the same parties to provide funding for the upgrading and modernization of the LCCTC facilities. In 1998, the LCCTC Authority entered into an additional agreement with the member school districts and the LCCTC Authority Board to advance refund the LCCTC Authority's 1995 bonds. The District has an ongoing financial responsibility to the LCCTC Authority for a portion of the debt obligation relating to these improvements. The District's lease payment to the LCCTC Authority for the year ended June 30, 2023, was \$69,110, which has been reported in the District's general fund. Complete general purpose financial statements for the LCCTC Authority can be obtained from the Administrative Office at 1730 Hans Herr Drive, P.O. Box 527, Willow Street, PA 17584.

On June 29, 2012, Lancaster County Career and Technology Center Authority issued Guaranteed Lease Revenue Bonds, Series of 2012, totaling \$9,995,000. On June 30, 2020, LCCTC Authority refinanced Guaranteed Lease Revenue Bonds, Series of 2017 (refunding of Guaranteed Lease Revenue Bonds, Series of 2013), and Guaranteed Lease Revenue Bonds, Series of 2014, and issued Guaranteed Lease Revenue Bonds, Series of 2020, totaling \$11,145,000. The original bonds were issued for the purpose of providing funds for renovations and additions and various other ongoing and proposed capital projects on LCCTC facilities. The District, along with the other member districts, have covenanted to pay lease rentals in amounts sufficient to service this debt, in proportions based on real estate market values.

# ELIZABETHTOWN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### B. Joint Ventures (Continued)

##### Lancaster County Career and Technology Center Authority (Continued):

The District's estimated lease rental obligations for future minimum rental payments related to the issued debt are as follows:

<u>Years</u>	<u>Amount</u>
2024	\$ 69,321
2025	69,502
2026	69,866
2027	69,390
2028	68,975
2029-2033	341,967
2034-2037	272,448
	<u>\$ 961,469</u>

Lancaster-Lebanon Joint Authority: The District is a member of the Lancaster-Lebanon Joint Authority (Authority). The Authority was incorporated on February 14, 1980, under the Municipality Authorities Act of 1945, Act of May 2, 1945, P. L. 382, as amended, by the Boards of School Directors of the 22 school districts located in Lancaster and Lebanon counties. The school districts established the Authority for the purposes of acquiring, holding, constructing, improving, maintaining, operating, owning and/or leasing projects for public school purposes and for the purposes of the Lancaster-Lebanon Intermediate Unit 13. The Authority is not reported as part of the District's reporting entity. The District did not have any financial transactions with the Authority during the year ended June 30, 2023. Complete general purpose financial statements for the Authority can be obtained from the Administrative Office at 1020 New Holland Pike, Lancaster, PA 17601.

Lancaster-Lebanon Intermediate Unit (LLIU): The LLIU Board of Directors consists of 22 members from the IU's constituent school districts. The LLIU Board members are school district board members who are elected by the public and are appointed to the LLIU Board by the member school districts' boards of directors. Elizabethtown Area School District is responsible for appointing one of these members. The LLIU Board has decision-making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. Elizabethtown Area School District contracts with the LLIU for special education services for District students. The amount paid for services for the year ended June 30, 2023, was \$2,484,066. Complete financial information for LLIU can be obtained from the Administrative Office at 1020 New Holland Pike, Lancaster, PA 17601.

Lancaster County Academy (Academy): The District participates with 11 other school districts in Lancaster County. Each public school district appoints one member to serve on the joint operating committee. As a member school district, each school district has an ongoing financial responsibility to fund the operations of the Academy. The District's portion of the operating expenditures for the year ended June 30, 2023, was \$39,338. Complete financial information for the Academy can be obtained from the Administrative Office at 1202 Park City Center, Lancaster, PA 17601.

# ELIZABETHTOWN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### B. Joint Ventures (Continued)

Lancaster County Tax Collection Bureau (Bureau): The District participates with 17 other school districts and the municipalities represented by those school districts for the collection of earned income taxes. Each public school district appoints one member to serve on the joint operating committee and 17 members are appointed by the participating municipalities. The Bureau's operating expenditures are deducted from the distributions which are made monthly. The District's portion of the operating expenditures for the year ended June 30, 2023, was \$69,683. Complete financial information for the Bureau can be obtained from the Administrative Office at 1845 William Penn Way, Lancaster, PA 17601.

#### C. Basis of Presentation - Fund Accounting

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

#### D. Basis of Presentation - Government-Wide Financial Statements

Government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) these statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The government-wide financial statements are prepared using the economic resources measurement focus. 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. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.



# ELIZABETHTOWN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### E. Basis of Presentation - Fund Financial Statements

Fund financial statements are provided for governmental, proprietary and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for nonmajor funds. Internal service funds are combined, and the totals are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities, as well as deferred inflows and outflows of resources associated with the operation of these funds, are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds are reported using the economic resources measurement focus. With the measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position.

The District reports the following major governmental funds:

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

Capital Projects Fund - This fund is used to account for all financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. This fund includes the capital reserve fund and any bond construction funds held by the District.

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

The District reports the following proprietary funds:

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

Internal Service Fund - This fund is used to account for health insurance premiums and claims which are services provided to the District employees as benefits.

# ELIZABETHTOWN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### E. Basis of Presentation - Fund Financial Statements (Continued)

The custodial fund is used to account for assets held by the District as agent for others. This fund accounts for the receipts and disbursement of monies related to student-led activities, as well as accounts for the receipts and disbursement of monies contributed to the District for scholarships, and to provide materials for health-related programs.

#### F. Budgetary Accounting and Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration and project control in the general fund. As of June 30, 2023, the District had no encumbrances.

#### G. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

Government-wide, proprietary and fiduciary fund financial statements measure and report all assets, liabilities, deferred inflows and outflows of resources, revenues, expenses, gains and losses using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the District is considered to be 60 days after fiscal year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except debt service, compensated absence, pension and other postemployment benefits payments, which are recognized when due.

Under the modified accrual basis, the following revenue sources are considered susceptible to accrual at year end: property taxes, tuition, grants and entitlements, student fees and interest on investments. Current property taxes measurable at June 30, 2023, which are not intended to finance fiscal 2023 operations, have been recorded as deferred inflows of resources. Delinquent property taxes measurable and available (received within 60 days) are recognized as revenues at year end.

The accrual basis of accounting is utilized for reporting purposes by the government-wide financial statements, proprietary funds, and the fiduciary funds. Revenues are recognized when they are earned, and expenses are recognized when incurred.

## ELIZABETHTOWN AREA SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 1. Summary of Significant Accounting Policies (Continued)**

##### G. Basis of Accounting (Continued)

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Derived tax revenues (earned income taxes) are recognized when received, as the amounts are not reasonably estimable prior to receipt.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. The principal operating revenues of the District's food service fund are charges to students and staff for food. Operating expenses include the costs to provide food. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When amounts are available in multiple fund balance classifications, it is the District's policy to use funds in the following order: restricted, committed, assigned and unassigned.

# ELIZABETHTOWN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

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

Cash and Cash Equivalents: For purposes of the Statement of Cash Flows presented for the proprietary fund, the District considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

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

Taxes Receivable and Deferred Inflows of Tax Revenues: The portion of delinquent real estate taxes receivable that is expected to be received within 60 days of June 30 is recorded as revenue in the current year. The remaining amount of those and other taxes receivable is recorded as deferred inflows of resources. All taxes receivables are considered to be fully collectible.

Interfund Activity: Exchange transactions between governmental funds are eliminated on the government-wide statements. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

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

Inventories in governmental funds represent the estimated cost using the first-in/first-out (FIFO) method of supplies on hand at June 30, 2023. The costs of inventory items are recorded as expenditures in the governmental funds when purchased. The inventory cost has been recorded as an asset in the governmental funds.

Inventories in the food service fund represent the cost using the first-in/first-out (FIFO) method of food and supplies on hand at June 30, 2023, including the value of commodities donated by the federal government. Any unused commodities donated by the federal government are reported as deferred revenue until used.

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

# ELIZABETHTOWN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

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

Capital Assets: The District's property, plant and equipment with useful lives of more than one year are stated at historical cost (or estimated historical cost) and comprehensively reported in the government-wide financial statements. Proprietary fund capital assets are also reported in their fund financial statements. Donated assets are stated at acquisition value on the date donated. The District capitalizes assets with an individual cost of \$5,000 and an estimated useful life in excess of one year. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations.

Estimated historical costs of capital assets were derived, when information supporting historical costs was not obtainable, by adjusting current replacement cost back to the estimated year of acquisition. Estimated useful lives, in years, for depreciable assets are generally as follows:

Assets	Years
Buildings	25-30
Building Improvements	15-30
Land improvements	50
Furniture	10-25
Equipment	5-25
Vehicles	3-15

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

Long-Term Liabilities: In the government-wide financial statements, and in those of proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activity columns in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the lives of the bonds using the effective interest method. Bonds payable reflect the effects of applicable bond premiums or discounts. Other issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

# ELIZABETHTOWN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

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

Lease and Subscription Based Information Technology Arrangement (SBITA) Liabilities: The District enters into non-cancellable arrangements for the leasing of buildings and equipment and for subscription based information technology. Lease and SBITA that are significant, either individually or in the aggregate, are recognized as a liability and an intangible right-to-use asset in the government-wide financial statements.

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

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

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

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

Right-to-use assets are reported with other capital assets and lease and SBITA liabilities are reported with long-term debt on the Statement of Net Position.

Unearned Revenues: Revenues that are received but not earned are reported as unearned revenues in the government-wide and fund financial statements. Unearned revenues arise when resources are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has legal claim to the resources, the liability for unearned revenue is removed from the respective financial statements and revenue is recognized.

# ELIZABETHTOWN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

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

Compensated Absences: The District accrues unused vacation and sick leave as a liability. Upon termination or retirement, the employee will be paid for these accumulated absences in accordance with District policy. The District also accrues service stipends to be paid out at retirement in accordance with District policy.

Vacation and sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive severance benefits and those the District has identified as probable of receiving payment in the future. The amount is based on accumulated vacation and sick leave and employees' wage rates at year end, taking into consideration any limits specified in the District's severance policy. For governmental funds, that portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected.

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

#### Other Post-employment Benefits (OPEB):

*Single Employer Defined-Benefit OPEB Plan*: The District sponsors a single-employer defined benefit OPEB plan. For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. The single-employer OPEB plan is unfunded.

*Cost-Sharing Multiple Employer Defined-Benefit Plan*: The District participates in the PSERS Health Insurance Premium Assistance Program. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of PSERS and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

# ELIZABETHTOWN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

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

#### Other Post-employment Benefits (OPEB) (Continued):

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

	Governmental Activities	Business-Type Activities	Total
<b>OPEB Liabilities</b>			
District's Single Employer Plan	\$ 2,443,783	\$ 17,227	\$ 2,461,010
PSERS Cost-Sharing Plan	3,504,000	25,000	3,529,000
Total	<u>\$ 5,947,783</u>	<u>\$ 42,227</u>	<u>\$ 5,990,010</u>
<b>Deferred Outflows of Resources</b>			
District's Single Employer Plan	\$ 1,468,560	\$ 10,352	\$ 1,478,912
PSERS Cost-Sharing Plan	1,426,200	10,100	1,436,300
Total	<u>\$ 2,894,760</u>	<u>\$ 20,452</u>	<u>\$ 2,915,212</u>
<b>Deferred Inflows of Resources</b>			
District's Single Employer Plan	\$ 2,994,601	\$ 21,110	\$ 3,015,711
PSERS Cost-Sharing Plan	1,872,300	13,200	1,885,500
Total	<u>\$ 4,866,901</u>	<u>\$ 34,310</u>	<u>\$ 4,901,211</u>

Additional disclosures related to other post-employment benefits of the District's Single Employer Plan and PSERS Cost-Sharing Plan are in Notes 12 and 13, respectively.

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



# ELIZABETHTOWN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

Committed: Represents amounts that can only be used for specific purposes pursuant to the constraints imposed by formal action of the Board of School Directors, the District's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Board removes the constraints or changes the specified purposes through the same action it used to commit the funds.

Assigned: Represents amounts that are constrained by the government's intentions for them to be used for specific purposes, but such amounts are neither restricted nor committed. The Board has delegated the authority to establish intent to the District's Director of Finance and Operations.

Unassigned: Represents amounts that have not been restricted, committed, or assigned to specific purposes within the General Fund.

The District's policy is to first apply restricted fund balance, then committed, assigned and unassigned, respectively, when an expenditure is incurred for purposes for which amounts in any of these classifications could be used.

The District has adopted a formal minimum fund policy. The District will strive to maintain an unassigned general fund balance of approximately 5% to 8% of the budgeted expenditures for that fiscal year. The total fund balance, including committed, assigned or unassigned categories may exceed 8% of the budgeted expenditures for that fiscal year.

# ELIZABETHTOWN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### I. New Accounting Pronouncements

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

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

GASB Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice. The adoption of this pronouncement was determined not to have a material impact on the District's beginning balances and current year results.

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

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

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

# ELIZABETHTOWN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### I. New Accounting Pronouncements (Continued)

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

GASB Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*, will be effective for the District beginning with its year ending June 30, 2024 (fiscal years beginning after June 15, 2023). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections in previously issued financial statements.

GASB Statement No. 101, *Compensated Absences*, will be effective for the District beginning with its year ending June 30, 2025 (fiscal years beginning after December 15, 2023). This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements.

#### J. Other

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

Subsequent Events: In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through January 31, 2024, the date the financial statements were available to be issued.

# ELIZABETHTOWN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 2. Deposits and Investments

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

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

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

#### Deposits: Custodial Credit Risk

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

	Carrying Amount	Bank Balance	Financial Institution
Insured (FDIC)	\$ 250,000	\$ 250,000	Mid Penn
Uninsured, collateralized in accordance with Act 72	29,223,852	29,744,982	
	<u>\$ 29,473,852</u>	<u>\$ 29,994,982</u>	

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

# ELIZABETHTOWN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 2. Deposits and Investments (Continued)

#### Investments

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District currently does not have any investments that are measured at fair value.

At June 30, 2023, the District had the following investments:

	Credit Rating	Weighted Avg. Maturity in Years	Carrying Value
Pennsylvania School District Liquid Asset Fund PSDMAX	AAAm	0.068	\$ 511,776
			<u>\$ 511,776</u>

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

The PSDMAX fund invests in U.S. treasury securities, U.S. government securities, its agencies and instrumentalities and repurchase agreements, collateralized by such securities and contracted with highly-rated counterparties. Weighted-average portfolio maturity for the fund is expected to be kept at or below 60 days. PSDMAX does not have limitations or restrictions on withdrawals. These investments qualify for measurement at amortized cost at both the pool and the participating government levels consistent with GASB Statement No. 79.

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

Interest Rate Risk: The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Management monitors rates of returns for investments on a monthly basis and governance reviews investment returns on at least a quarterly basis.

Concentration of Credit Risk: The District places no limit on the amount they may invest in any one issuer. At June 30, 2023, the District does not have any concentration of credit risk in its investments.

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 its investments or collateral security that are in the possession of an outside party. The District has no investments which are subject to custodial credit risk at June 30, 2023.

# ELIZABETHTOWN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 3. Real Estate Taxes

Based upon assessments provided by the County, the District bills and collects its own property taxes. The District tax rate for the year ended June 30, 2023, was 18.6089 mills as levied by the Board of School Directors. The schedule for real estate taxes levied for the fiscal year ended June 30, 2023, follows:

July 1	Levy Date
July 1 - August 31	2% Discount Period
September 1 - October 31	Face Payment Period
November 1 - December 31	10% Penalty Period
January 1	Lien Date (Lancaster County Tax Claim Bureau)

### Note 4. Taxes Receivable and Deferred Taxes

The District, in accordance with accounting principles generally accepted in the United States of America, recognizes delinquent and unpaid taxes receivable. All taxes are determined to be collectible. A portion of the receivable amount which was measurable and available within 60 days was recognized as revenue and the balance deferred in the fund financial statements. The balances at June 30, 2023, are as follows:

	Gross Taxes Receivable	Revenue Recognized	Deferred Taxes
Real Estate Taxes	\$ 405,016	\$ 72,381	\$ 332,635
Earned Income Taxes	837,120	837,120	-
Realty Transfer Taxes	101,120	101,120	-
	<u>\$ 1,343,256</u>	<u>\$ 1,010,621</u>	<u>\$ 332,635</u>

**ELIZABETHTOWN AREA SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**Note 5. Interfund Activity**

Interfund balances are as follows at June 30, 2023:

Fund	Interfund Receivables	Interfund Payables
Governmental Fund		
General Fund	\$ 4,333	\$ 588,841
Capital Projects Fund - 2019 Bond Construction Fund	10,650	-
Capital Projects Fund - Capital Reserve Fund	588,841	10,650
Proprietary Fund		
Food Service	-	4,333
	\$ 603,824	\$ 603,824

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

Interfund transfers were as follows at June 30, 2023:

Fund	Transfers In	Transfers Out
Governmental Fund		
General Fund	\$ -	\$ 5,405,556
Capital Projects Fund - Capital Reserve Fund	935,661	-
Debt Service	4,469,895	-
	\$ 5,405,556	\$ 5,405,556

Transfers and payments within the District are substantially for purposes of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis. Resources are accumulated in a fund to support and simplify the administration of various projects or programs.

**Note 6. Due from Other Governments**

Amounts due from other governments represent receivables for revenues earned by the District. At June 30, 2023. The following amounts are due from other governmental units:

	Governmental Activities	Business-Type Activities
Local	\$ 797,928	\$ -
PA Department of Education		
Social Security	333,016	-
Retirement	1,657,204	-
Other	79,329	3,256
Federal Grants	222,735	-
	\$ 3,090,212	\$ 3,256

# ELIZABETHTOWN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### Note 7. Capital Assets

Capital and right-to-use asset activity for governmental and business-type activities for the year ended June 30, 2023, was as follows:

	Restated July 1, 2022	Additions	Deletions	June 30, 2023
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,095,713	\$ -	\$ (70,500)	\$ 1,025,213
Construction-in-progress	-	440,799	-	440,799
Total cost	1,095,713	440,799	(70,500)	1,466,012
Capital and right-to-use assets being depreciated/amortized				
Land improvements	6,901,960	-	(320,885)	6,581,075
Buildings and building improvements	103,870,819	137,529	(8,059,455)	95,948,893
Furniture and Equipment	5,941,332	566,286	(287,422)	6,220,196
Vehicles	457,321	157,119	-	614,440
Right-to-use leased equipment	-	247,116	-	247,116
Right-to-use subscription assets	378,982	169,699	-	548,681
Total cost	117,550,414	1,277,749	(8,667,762)	110,160,401
Accumulated depreciation/amortization:				
Land Improvements	3,872,524	266,574	(257,616)	3,881,482
Buildings and improvements	41,843,620	4,311,902	(5,988,364)	40,167,158
Furniture and equipment	3,455,571	278,988	(232,292)	3,502,267
Vehicles	321,209	29,348	-	350,557
Right-to-use leased equipment	-	37,067	-	37,067
Right-to-use subscription assets	-	77,621	-	77,621
Total accumulated depreciation/amortization	49,492,924	5,001,500	(6,478,272)	48,016,152
Total capital and right-to-use assets being depreciated/amortized, net	68,057,490	(3,723,751)	(2,189,490)	62,144,249
Total Governmental Activities, Capital and Right-to-Use Assets - Net	\$ 69,153,203	\$ (3,282,952)	\$ (2,259,990)	\$ 63,610,261
<b>Business-Type Activities</b>				
Capital assets being depreciated				
Equipment	77,507	29,755	-	107,262
Accumulated Depreciation				
Equipment	77,507	403	-	77,910
Net Capital Assets	\$ -	\$ 29,352	\$ -	\$ 29,352



# ELIZABETHTOWN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 7. Capital Assets (Continued)

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

	Amount
Governmental Activities	
Instructional Programs	\$ 3,646,449
Instructional student support	445,807
Administration and financial services	574,584
Operation and maintenance of plant services	228,276
Transportation	15,113
Student activities	91,018
Community services	253
Total governmental activities	<u>5,001,500</u>
Business-Type Activities	
Food service	<u>403</u>
Total District	<u><u>\$ 5,001,903</u></u>

### Note 8. Accrued Salaries and Benefits

At June 30, 2023, the District was liable for payroll and benefits payable during July and August 2023, to those employees who have a ten-month contract but are paid over a twelve-month period, to non-salaried employees who performed services through June 30, 2023, and to retiring professional employees who are receiving a payout of their accumulated compensated absences and service stipends. The liability also includes accrued retirement which represents the PSERS contribution for the second quarter of the calendar year 2023.

### Note 9. Unearned Revenues

Unearned revenue in the general fund consists of student activities funding, and grant funding, received, but not yet earned of \$110,576 as of June 30, 2023.

Unearned revenue in the food service fund consists of prepaid lunch sales and deferred revenue related to donated commodities of \$58,645 as of June 30, 2023.

# ELIZABETHTOWN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### Note 10. Long-Term Debt

Long-term obligation activity is summarized as follows:

	July 1, 2022 (Restated)	Increases	Decreases	June 30, 2023	Due within one year
Governmental Activities:					
General obligation debt	\$ 50,830,000	\$ -	\$ (3,065,000)	\$ 47,765,000	\$ 3,290,000
Bonds premiums (discounts)	1,971,956	-	(306,455)	1,665,501	-
Total	52,801,956	-	(3,371,455)	49,430,501	3,290,000
Compensated absences (see Note 1)	1,612,620	537,094	-	2,149,714	-
Leases payable	-	247,116	(32,109)	215,007	45,342
Subscription liability	378,982	169,699	(84,394)	464,287	71,662
Total governmental activities	\$ 54,793,558	\$ 953,909	\$ (3,487,958)	\$ 52,259,509	\$ 3,407,004

Currently, the District has general obligation debt with interest rates and outstanding principal amounts at June 30, 2023, as follows:

Issue	Final Maturity	Interest Rates	Principal Outstanding June 30, 2023	Balance Due Within One Year
Series 2019	Feb 2025	2.00% - 4.00%	\$ 4,820,000	\$ 1,080,000
Series A of 2019	Aug 2043	1.20% - 4.00%	9,060,000	5,000
Series of 2020	Nov 2030	.64% - 4.00%	8,930,000	1,215,000
Series A of 2020	Nov 2030	.52% - 4.00%	6,745,000	50,000
Series of 2021	Nov 2032	.25% - 3.00%	5,000,000	90,000
Series A of 2021	Nov 2039	.25% - 4.00%	3,775,000	570,000
Series of 2022	Nov 2039	2.00% - 4.00%	9,435,000	280,000
			<u>\$ 47,765,000</u>	<u>\$ 3,290,000</u>

#### General Obligation Debt

The District issues general obligations to provide funds for major capital improvements. These bonds and notes are direct obligations and pledge the full faith and credit of the District.

General Obligation Bonds - Series of 2022 - On February 17, 2022, the District issued general obligation bonds, Series of 2022, in the amount of \$9,740,000. The purpose of the bonds was to provide funds for the current refunding of the District's general obligation bonds, Series of 2017 and to pay the costs of issuing the bonds. The bonds bear interest rates ranging from 2.00% to 4.00% with principal maturities from \$25,000 to \$1,190,000 each November 15 through 2039. The present value of the District's savings over the term of the bond amounts to \$2,802,996.

General Obligation Bonds - Series of 2021 - On December 2, 2021, the District issued general obligation bonds, Series of 2021, in the amount of \$5,110,000. The purpose of the bonds was to provide funds for the current refunding of the District's general obligation bonds, Series of 2016 and to pay the costs of issuing the bonds. The bonds bear interest rates ranging from 0.25% to 3.00% with principal maturities from \$5,000 to \$2,130,000 each November 15 through 2032. The present value of the District's savings over the term of the bond amounts to \$346,574.

## ELIZABETHTOWN AREA SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 10. Long-Term Debt (Continued)**

##### General Obligation Debt (Continued)

General Obligation Bonds - Series A of 2021 - On December 2, 2021, the District issued general obligation bonds, Series A of 2021, in the amount of \$4,330,000. The purpose of the bonds was to provide funds for the current refunding of the District's general obligation bonds, Series A of 2016 and to pay the costs of issuing the bonds. The bonds bear interest rates ranging from 0.25% to 4.00% with principal maturities from \$15,000 to \$580,000 each November 15 through 2039. The present value of the District's savings over the term of the bond amounts to \$1,446,683.

General Obligation Bonds - Series A of 2020 - On August 18, 2020, the District issued general obligation bonds, Series A of 2020, in the amount of \$9,995,000. The purpose of the bonds was to provide funds for the current refunding of the District's general obligation bonds, Series A of 2015, and a partial refunding of Series of 2012, and to pay the costs of issuing the bonds. The bonds bear interest rates ranging from 0.52% to 4.00% with principal maturities from \$25,000 through \$1,450,000 each November 15 through 2030. The difference between the cash flows required to service the refinanced debt and the new debt amounts to \$576,531. The present value of the District's savings over the term of the bond amounts to \$507,630.

General Obligation Bonds - Series of 2020 - On July 28, 2020, the District issued general obligation bonds, Series of 2020, in the amount of \$9,995,000. The purpose of the bonds was to provide funds for the current refunding of the District's general obligation bonds, Series of 2015 and a partial refunding of Series of 2012, and to pay the costs of issuing the bonds. The bonds bear interest rates ranging from 0.64% to 4.00% with principal maturities from \$55,000 through \$1,590,000 each November 15 through 2030. The difference between the cash flows required to service the refinanced debt and the new debt amounts to \$730,091. The present value of the District's savings over the term of the bond amounts to \$634,889.

General Obligation Bonds - Series A of 2019 - On September 12, 2019, the District issued general obligation bonds, Series A of 2019, in the amount of \$9,075,000. The purpose of the bonds was to (1) finance the renovations for Elizabethtown Area Middle School and Rheems Elementary School, and (2) pay costs of issuing the bonds. The bonds bear interest rates ranging from 1.20% to 4.00% with principal maturities from \$5,000 to \$960,000.

General Obligation Bonds - Series of 2019 - On August 15, 2019, the District issued general obligation bonds, Series of 2019, in the amount of \$8,000,000. The purpose of the bonds was to provide funds for the refunding of the District's general obligation bonds, Series of 2013, and to pay the costs of issuing the bonds. The bonds bear interest rates ranging from 2.00% to 4.00% with principal maturities from \$500,000 to \$1,600,000.

**ELIZABETHTOWN AREA SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 10. Long-Term Debt (Continued)**

General Obligation Debt (Continued)

Aggregate annual debt service requirements to maturity for the above governmental general debt obligations are as follows:

Year ending June 30,	Bonds		Minimum Debt Service
	Principal	Interest	
2024	\$ 3,290,000	\$ 1,281,854	\$ 4,571,854
2025	3,525,000	1,158,335	4,683,335
2026	3,745,000	1,039,913	4,784,913
2027	2,685,000	941,538	3,626,538
2028	2,745,000	874,275	3,619,275
2029-2033	13,275,000	3,490,200	16,765,200
2034-2038	10,345,000	2,032,300	12,377,300
2039-2043	7,195,000	690,350	7,885,350
2044-2047	960,000	19,200	979,200
	<u>\$ 47,765,000</u>	<u>\$ 11,527,964</u>	<u>\$ 59,292,964</u>

The District pays the long-term obligations of the governmental activities from the general fund; debt service is liquidated via transfers to the debt service fund. Long-term obligations of the business-type activities are paid from the food service fund.

Interest costs incurred during the year ended June 30, 2023 were \$1,404,895, all of which was charged to expense

Leases Payable

The District leases equipment for the District's operations. The term is for five years. The District's equipment lease contains scheduled monthly payments, through 2027. Leases payable are completely funded by the general fund.

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

Year ending June 30,	Principal	Interest	Total
2024	\$ 45,342	\$ 12,777	\$ 58,119
2025	48,412	9,706	58,118
2026	51,690	6,428	58,118
2027	55,191	2,928	58,119
2028	14,372	158	14,530
	<u>\$ 215,007</u>	<u>\$ 31,997</u>	<u>\$ 247,004</u>

# ELIZABETHTOWN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 10. Long-Term Debt (Continued)

#### Subscription Based Information Technology Arrangements

The District enters into various arrangements for administrative and educational software. Many of the software and subscription arrangements are one year or less, however, the District enters into longer term arrangements that required right-to use subscription asset and liability accounting. These terms range from three to eighteen years.

The District's subscription based information technology arrangements contain scheduled monthly or annual payments with expiration dates extending through 2040. Subscription liability obligations are primarily funded by the general fund.

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

Year ending June 30,	Principal	Interest	Total
2024	\$ 71,662	\$ 12,732	\$ 84,394
2025	73,284	11,110	84,394
2026	17,221	9,451	26,672
2027	17,731	8,941	26,672
2028	18,255	8,416	26,671
2029-2033	99,707	33,650	133,357
2034-2038	115,360	17,997	133,357
2039-2040	51,067	2,278	53,345
	<u>\$ 464,287</u>	<u>\$ 104,575</u>	<u>\$ 568,862</u>

## ELIZABETHTOWN AREA SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 11. Defined-Benefit Pension Plan

##### Plan Description

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

##### Benefits Provided

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

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

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

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

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.

**ELIZABETHTOWN AREA SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**Note 11. Defined-Benefit Pension Plan (Continued)**

Contributions

Member Contributions:

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

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

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

Employer Contributions:

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

The District is required to pay the entire contribution and will be reimbursed by the Commonwealth in an amount equal to the Commonwealth’s share as determined by the income aid ratio (as defined in Act 29 of 1994), which is at least one-half of the total District’s rate. The District’s contributions to the Plan, relating to pension benefits, for the year ended June 30, 2023, was \$10,093,000, and is equal to the required contribution for the year. For the year ended June 30, 2023, the District recognized gross retirement subsidy revenue from the Commonwealth in the amount of \$5,124,063.

**ELIZABETHTOWN AREA SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 11. Defined-Benefit Pension Plan (Continued)**

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

At June 30, 2023, the District reported a liability of \$85,227,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System’s total pension liability as of June 30, 2021 to June 30, 2022. The District’s proportion of the net pension liability was calculated utilizing the employer’s one-year reported contributions as it relates to the total one-year reported covered payroll. At June 30, 2023, the District’s reported proportion was .1917%, which was an decrease of .0299% from its proportion reported as of June 30, 2022.

For the year ended June 30, 2023, the District recognized pension expense of \$5,877,000. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 39,000	\$ 737,000
Changes in assumptions	2,545,000	-
Net difference between projected and actual investment earnings	-	1,446,000
Changes in proportions	11,478,000	13,051,000
Difference between employer contributions and proportionate share of total contributions	136,000	-
Contributions subsequent to the measurement date	10,093,000	-
	<u>\$ 24,291,000</u>	<u>\$ 15,234,000</u>

\$10,093,000 is reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Amount
2024	\$ (84,000)
2025	2,628,000
2026	(5,635,000)
2027	2,050,000
2028	5,000
	<u>\$ (1,036,000)</u>



# ELIZABETHTOWN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 11. Defined-Benefit Pension Plan (Continued)

#### Actuarial Assumptions

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

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

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

#### Investments

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

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

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

# ELIZABETHTOWN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 11. Defined-Benefit Pension Plan (Continued)

#### Investments (Continued)

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

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

#### Discount Rate

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

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	\$ 110,236,000	\$ 85,227,000	\$ 64,142,000

#### Pension Plan Fiduciary Net Position

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

#### Plan Payables

At June 30, 2023, the District reported a payable to PSERS of \$3,200,605, which represents the employer contributions owed to the pension plan.

**ELIZABETHTOWN AREA SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**Note 12. Other Post-Employment Benefits - District’s Single Employer Plan**

Plan Description

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

GROUP	ELIGIBILITY	COVERAGE AND PREMIUM SHARING	DURATION
<b>ALL EMPLOYEES</b>	ACT 110/43	Act 110-43	Member can continue coverage until Medicare age. Spouse can continue coverage until earlier of member or spouse Medicare age.
<i>Notes:</i>	<p>Act 110/43 Eligibility: All employees are eligible for this benefit upon retirement with 30 years of PSERS service or upon superannuation retirement.</p> <p>Act 110/43 Coverage and Premium Sharing: Retired employees are allowed to continue coverage for themselves and their dependents in the employer's group health plan until the retired employee reaches Medicare age. In order to obtain coverage, retired employees must provide payment equal to the premium determined for the purpose of COBRA.</p> <p>PSERS Supplement: A retiree may receive a \$100 monthly medical reimbursement from PSERS if he (or she) meets one of the following qualifications at retirement:</p> <ol style="list-style-type: none"> <li>1) 24.5 years of PSERS service</li> <li>2) Upon superannuation retirement with at least 15 years of PSERS service</li> </ol> <p>PSERS Superannuation Retirement:</p> <ol style="list-style-type: none"> <li>1) Pension Class T-C or T-D: An employee is eligible for PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS service, age 62 with year of PSERS service or 35 years of PSERS service regardless of age. In general, these pension classes apply to individuals who were members of PSERS</li> <li>2) Pension Class T-E or T-F: An employee is eligible for PSERS superannuation retirement upon reaching age 65 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 92 with a minimum of 35 years of PSERS service. In general, these pension classes apply to individuals who become members of PSERS on or after July 1, 2011 and prior to July 1, 2019.</li> <li>3) Pension Class T-G: An employee is eligible for PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 97 with a minimum of 35 years of PSERS service. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.</li> <li>4) Pension Class T-H: An employee is eligible for PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service. In general, this pension class applies to individuals who became members of</li> </ol>		

**ELIZABETHTOWN AREA SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**Note 12. Other Post-Employment Benefits - District's Single Employer Plan (Continued)**

Employees Covered by the Benefit Terms

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	25
Inactive Employees Entitled to but not yet Receiving Benefits	-
Active Employees	400
	425
	425

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

At June 30, 2023, the District's reported a liability of total OPEB liability of \$2,461,010 for the total OPEB liability. The total OPEB liability was measured as of July 1, 2022, and was determined by an actuarial valuation as of July 1, 2021. The OPEB liability is composed of the following:

	Amount
Total OPEB Liability, beginning	\$ 3,057,981
Changes for the year	
Service cost	189,002
Interest	72,422
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	(728,119)
Benefit payments	(130,276)
Other Changes	-
Net Changes	(596,971)
Total OPEB Liability, ending	\$ 2,461,010

For the year ended June 30, 2023, the District recognized OPEB expense of \$185,687. At June 30, 2023, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 2,169,102
Changes in assumptions	1,343,310	846,609
Benefit payments subsequent to the measurement date	135,602	-
	\$ 1,478,912	\$ 3,015,711

**ELIZABETHTOWN AREA SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 12. Other Post-Employment Benefits - District’s Single Employer Plan (Continued)**

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

Of the total amount reported as deferred outflows of resources related to OPEB, \$135,602 resulting from District benefit payments subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District’s OPEB expense as follows:

Year ending June 30:	Total
2024	\$ (75,737)
2025	(75,737)
2026	(75,737)
2027	(75,737)
2028	(91,392)
Thereafter	(1,278,061)
	<u>\$ (1,672,401)</u>

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2021, following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

- Inflation - 2.5%.
- Salary Increases - 2.5% cost of living adjustment, 1.5% real wage growth and for teachers and administrators a merit increase which varies by age from 2.75 to 0%.
- Investment rate of return - 4.06%. Based on S&P Municipal Bond 20-year High Grade Rate Index at 7/1/2022.
- Health care cost trend rate - 6.5% in 2022, 6.0% in 2023, and 5.5% in 2024 and 2025. Rates gradually decrease from 5.4% in 2026 to 3.9% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
- Retirees’ Share of Benefit Related Costs - Retiree contributions are assumed to increase at the same rate as Health Care Cost Trent Rate.
- Mortality Rates: PubT-2010 headcount-weighted mortality table including rates for contingent survivors for teachers. PubG-2010 headcount-weighted mortality table including rates for contingent survivors for all other employees. Incorporated into the table are rates projected generationally using Scall MP-2021 to reflect mortality improvements.

**ELIZABETHTOWN AREA SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 12. Other Post-Employment Benefits - District’s Single Employer Plan (Continued)**

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

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

	1% Decrease 3.06%	Current Discount Rate 4.06%	1% Increase 5.06%
Total OPEB liability	\$ 2,638,374	\$ 2,461,010	\$ 2,293,322

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

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

The following presents the total OPEB liability of the District calculated using the health care cost trend rate of (5.5% in 2020 decreasing to 4.0% in 2075), as well as what the total OPEB liability would be if it were calculated using a health care cost trend rate that is one-percentage point lower or one-percentage higher than the current rate:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	\$ 2,197,392	\$ 2,461,010	\$ 2,771,836

**Note 13. Other Post-Employment Benefits - PSERS Cost-Sharing Plan**

Plan Description

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

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other post-employment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year.

## ELIZABETHTOWN AREA SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 13. Other Post-Employment Benefits - PSERS Cost-Sharing Plan (Continued)

##### Plan Description (Continued)

Effective January 1, 2002, under the provisions of Act 9 of 2001, eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2022, there were no assumed future benefit increases to participating eligible retirees.

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

- Have 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

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

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

##### 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.

##### Employer Contributions

The Districts' contractually required contribution rate for the fiscal year ended June 30, 2023, was 0.75% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$220,000 for the year ended June 30, 2023.

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

At June 30, 2023, the District reported a liability of \$3,529,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2021 to June 30, 2022. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2023, the District's reported proportion was .1917%, which was an increase of .0299% from its proportion reported as of June 30, 2022.

**ELIZABETHTOWN AREA SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 13. Other Post-Employment Benefits - PSERS Cost-Sharing Plan (Continued)**

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$9,100. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 32,000	\$ 19,000
Changes in assumptions	392,000	833,000
Net difference between projected and actual investment earnings	10,000	-
Changes in proportion	767,000	816,000
Difference between employer contributions and proportionate share of total contributions	15,300	217,500
Contributions subsequent to the measurement date	220,000	-
	<u>\$ 1,436,300</u>	<u>\$ 1,885,500</u>

\$220,000 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:	Amount
2024	\$ (198,200)
2025	(163,900)
2026	(119,100)
2027	(121,200)
2028	(66,800)
	<u>\$ (669,200)</u>



## ELIZABETHTOWN AREA SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 13. Other Post-Employment Benefits - PSERS Cost-Sharing Plan (Continued)

##### Actuarial Assumptions

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

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

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

The following assumptions were used to determine the contribution rate:

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

**ELIZABETHTOWN AREA SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 13. Other Post-Employment Benefits - PSERS Cost-Sharing Plan (Continued)**

Investments

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	100.0%	0.50%
	<u>100.0%</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 of June 30, 2022.

Discount Rate

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

# ELIZABETHTOWN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 13. Other Post-Employment Benefits - PSERS Cost-Sharing Plan (Continued)

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

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

	1% Decrease 3.09%	Current Discount Rate 4.09%	1% Increase 5.09%
District's proportionate share of the net OPEB liability	\$ 3,991,000	\$ 3,529,000	\$ 3,142,000

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

The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates (between 5% to 7%) that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 3,528,000	\$ 3,529,000	\$ 3,529,000

#### OPEB Plan Fiduciary Net Position

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

#### Plan Payables

At June 30, 2023, the District reported a payable to PSERS of \$69,558, which represents the employer contributions owed to the OPEB plan.

# ELIZABETHTOWN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 14. Risk Management

#### Health Insurance

The District self-insures medical and prescription benefits for eligible employees and their dependents. The claims for these self-insured benefits are processed by the District's third-party administrator. The District remits funds to the third-party administrator. The third-party administrator invoices the District weekly for paid claims. The District was limited in liability to \$195,000 per individual and \$6,034,570 in total for medical and prescription claims for the year ended June 30, 2023. The District has recorded a liability for claims incurred prior to June 30, 2023, and paid subsequently in the amount of \$738,573.

The District's obligation for health claims incurred by participants are estimated as claims paid after year end that have service dates during the reporting period, and adding an additional reserve for unreported claims which is determined by the third-party administrator. The claim liability is reflected in accounts payable in the internal service fund on the statement of net position - proprietary funds.

The change in claim aggregate claim liabilities are as follows:

	June 30, 2023	June 30, 2022
Claim Liability - Beginning of the Year	\$ 861,710	\$ 655,867
Current Year Claims and Change in Estimates	6,528,118	7,359,274
Claim Payments by School District	(6,651,255)	(7,153,431)
Claim Liability - End of the Year	<u>\$ 738,573</u>	<u>\$ 861,710</u>

#### Worker's Compensation

The District is participating in the Lancaster-Lebanon Public Schools Workers' Compensation Fund (the Fund) which is a cooperative voluntary trust arrangement for 16-member school districts and the Lancaster-Lebanon Intermediate Unit and the Lancaster County Academy. This agreement states that the District pays an annual premium to the Fund for the purpose of seeking prevention or lessening of claims due to injuries of employees of the 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 members of the Fund that the Fund will utilize funds contributed by the 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, 2023, the District is not aware of any additional assessments relating to the Fund.

# ELIZABETH AREA TOWN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 14. Risk Management (Continued)

#### Other Risks

The District is exposed to various risks of loss related to theft of, damage to and destruction of assets, errors and omissions and natural disasters. The District has purchased various insurance policies to safeguard its assets from risk of loss. During the year ended June 30, 2023, and the two previous fiscal years, no settlements exceeded insurance coverage.

The District fully insures dental benefits for employees electing coverage.

### Note 15. Fund Balance Components

Non-spendable fund balances consist of amounts that are not in spendable form or are legally or contractually required to be maintained intact.

General fund - nonspendable prepaid expenses	\$ 48,005
General fund - nonspendable inventories	109,300
	<u>\$ 157,305</u>

Restricted fund balance is restricted by a third party.

Capital projects fund - future capital projects as restricted by debt covenants	\$ 5,034,945
Capital projects fund - restricted by commonwealth legislation	3,575,874
	<u>\$ 8,610,819</u>

Committed fund balances represent fund balances that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. At June 30, 2023, the District has included the following as committed fund balances:

General fund - committed to future facility improvements	<u>\$ 8,700,000</u>
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Assigned fund balance comprises amounts intended to be used by the government for specific purposes determined by the governing body or by an official or a body to which the governing body delegates the authority.

General fund - assigned for future facility improvements	\$ 2,600,000
General fund - assigned for health fund/HSA increases	1,900,000
General fund - assigned for technology improvements/upgrades	700,000
General fund - assigned for cyber/charter school increases	700,000
	<u>\$ 5,900,000</u>

# ELIZABETHAREA TOWN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### **Note 16. Components of Net Position**

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt that is attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to capital assets or related debt are also included in this component of net position.

The restricted component of net position consists of the resources of the District's capital reserve fund, which pursuant to Commonwealth legislation, may only be spent for capital improvements; replacement of, addition to and improvement to public works; deferred maintenance and the replacement of school buses. The Pennsylvania Department of Education has determined that new construction and the associated debt service may also be accounted for in the capital reserve fund.

### **Note 17. Commitments, Contingencies and Uncertainties**

#### Grant Programs

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

#### Legal Matters

The District is involved in claims and legal actions arising in the ordinary course of business. The outcome of these matters cannot be determined at this time.

#### Transportation Contract

The District has entered into an agreement for the transportation of school pupils with Durham School Services. This Agreement is for the period of July 1, 2023 to June 30, 2026. The contractor provides all equipment and labor necessary. The cost for the transportation services will be determined based on rate schedules included in the contract, which are subject to annual increases of 3% for the duration of the contract. The District incurred approximately \$2,209,000 in related expenditures for the year ended June 30, 2023.

#### Collective Bargaining Agreement

The District has entered into a collective bargaining agreement with the Elizabethtown Area Education Association. The Agreement in effect is for the period of July 1, 2020 through June 30, 2025. The Agreements stipulates the overall working conditions as well as the provisions for wages and employee benefits for the District's professional staff for the term of the contract.

## **ELIZABETHAREA TOWN AREA SCHOOL DISTRICT**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note 18. Tax Abatements**

The District is a local taxing authority, authorized by the Local Economic Revitalization Tax Assistance Act (LERTA) to provide tax exemption for new construction in deteriorated areas of economically depressed communities and for improvements to certain deteriorated industrial, commercial, and other business properties to encourage development and job growth within the District. The District, in conjunction with the county and municipal taxing authorities, approved eligible areas on July 9, 2018 and on June 25, 2019. Applications for exemption must be made within five years of the effective date of the School Board's approval of the area. The property tax abatement in year 1 is equal to 100% of the real property tax on the assessed value of the property improvement to the deteriorated property. The percentage of tax abatement declines in increments of 10% from years 2 through 10. Exemption is revoked and forfeited for failure by the property owner to pay any nonexempt real estate taxes by the last day of the time period to pay such taxes in the penalty period.

For the year ended June 30, 2023, the District abated approximately \$693,000 of property taxes under these agreements.

#### **Note 19. Payments in LIEU of Taxes**

The District, as a taxing Authority, is permitted to accept payment in lieu of taxes (PILOT) from charitable organizations owning exempt real estate within its boundaries. The District, in 2008, entered into a 20-year agreement with a charitable organization that provides for PILOT of approximately \$804,000 in the initial year escalating to approximately \$1,049,000 in the final year of the agreement. The receipt from this agreement, along with other PILOT receipts, is recorded as unrestricted contributions of the governmental activities in the statement of activities.

#### **Note 20. Subsequent Events**

In October 2023 the District entered into contracts related to the field house and athletic field project, for a total approximate cost of \$13,900,0000.

**REQUIRED SUPPLEMENTARY INFORMATION**



ELIZABETHTOWN AREA SCHOOL DISTRICT

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

	Budgeted Amounts		Actual	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Local sources				
Real estate taxes	\$ 42,518,226	\$ 42,518,226	\$ 42,461,576	\$ (56,650)
Other taxes	5,494,000	5,494,000	6,218,951	724,951
Investment earnings	130,000	130,000	541,983	411,983
Other revenue	1,403,054	1,403,054	2,026,937	623,883
Total local sources	49,545,280	49,545,280	51,249,447	1,704,167
State sources	21,073,824	21,073,824	22,050,129	976,305
Federal sources	2,404,997	2,404,997	2,303,856	(101,141)
<b>Total revenues</b>	<b>73,024,101</b>	<b>73,024,101</b>	<b>75,603,432</b>	<b>2,579,331</b>
<b>Expenditures</b>				
Instructional services				
Regular programs	34,161,902	34,573,009	32,409,686	2,163,323
Special programs	10,894,531	10,988,424	11,966,202	(977,778)
Vocational programs	2,316,915	2,316,915	2,272,475	44,440
Other instructional programs	237,467	237,467	395,049	(157,582)
Nonpublic school programs	8,000	8,000	26,240	(18,240)
Higher education program for secondary students	5,000	5,000	-	5,000
Pre-Kindergarten	-	-	10,800	(10,800)
<b>Total instructional services</b>	<b>47,623,815</b>	<b>48,128,815</b>	<b>47,080,452</b>	<b>1,048,363</b>
Support services				
Pupil personnel	2,812,400	2,811,977	3,056,022	(244,045)
Instructional staff	777,312	777,312	1,132,747	(355,435)
Administrative	3,888,555	3,888,828	3,707,773	181,055
Pupil health	897,008	897,008	841,928	55,080
Business	932,471	932,471	1,014,408	(81,937)
Operation of plant and maintenance	5,173,839	5,176,839	5,707,399	(530,560)
Student transportation	2,394,643	2,394,643	2,803,037	(408,394)
Central support services	1,799,075	1,796,225	1,951,579	(155,354)
Other support services	28,000	28,000	36,985	(8,985)
<b>Total support services</b>	<b>18,703,303</b>	<b>18,703,303</b>	<b>20,251,878</b>	<b>(1,548,575)</b>
Non-instructional services				
Student activities	1,180,761	1,180,761	1,217,381	(36,620)
Community service	62,295	57,295	14,006	43,289
<b>Total non-instructional services</b>	<b>1,243,056</b>	<b>1,238,056</b>	<b>1,231,387</b>	<b>6,669</b>
Capital outlay	-	-	219,078	(219,078)
Debt service	-	-	127,983	(127,983)
<b>Total expenditures</b>	<b>67,570,174</b>	<b>68,070,174</b>	<b>68,910,778</b>	<b>(840,604)</b>
<b>Excess of revenues     over expenditures</b>	<b>5,453,927</b>	<b>4,953,927</b>	<b>6,692,654</b>	<b>1,738,727</b>
Other Financing Sources (Uses)				
Transfers out	(4,969,895)	(4,969,895)	(5,405,556)	(435,661)
Refund of prior years' receipts	-	-	(116,184)	(116,184)
Refund of prior years' expenditures	15,000	15,000	44,093	29,093
Proceeds on sale of capital assets	-	-	2,866,662	2,866,662
Proceeds from leases and other right to use arrangement	-	-	416,815	416,815
Budgetary reserve	(500,000)	-	-	-
<b>Total other financing sources (uses)</b>	<b>(5,454,895)</b>	<b>(4,954,895)</b>	<b>(2,194,170)</b>	<b>2,760,725</b>
<b>Net changes in fund balance</b>	<b>\$ (968)</b>	<b>\$ (968)</b>	<b>4,498,484</b>	<b>\$ 4,499,452</b>
Fund Balance - July 1, 2022			11,798,143	
Fund Balance - June 30, 2023			<u>\$ 16,296,627</u>	

See Notes to Required Supplementary Information.

## ELIZABETHTOWN AREA SCHOOL DISTRICT

### NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

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#### Note 1. Budgets and Budgetary Accounting General Fund

Elizabethtown Area School District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Pennsylvania Department of Education (PDE) issues a schedule of actions for school districts for the development of the annual budget under Act 1. One deadline is the action to resolve to keep any tax increase in the real estate tax millage rate below the index announced by the PDE. Prior to that deadline, management submits to the School Board, for consideration, a draft operating budget projection or other information to review, for the fiscal year commencing the following July 1. The School Board determines if it will approve a resolution to keep any tax increase below the index.
2. If the School Board adopts the resolution, management submits prior to May 31 to the School Board a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the general fund.
3. A public hearing is conducted to obtain taxpayer comments.
4. If the School Board does not adopt the resolution, management prepares and submits a proposed operating budget for the fiscal year commencing the following July 1 in accordance with the deadlines established by PDE under Act 1. These deadlines will vary with the setting of the spring municipal election date each year.
5. Prior to June 30, the budget is legally enacted through adoption of a resolution.
6. Legal budgetary control is maintained by the School Board at the departmental level. Transfers between departments, whether between funds or within a fund, or revisions that alter the total revenues and expenditures of any fund, must be approved by the School Board. Budgetary information in the combined operating statements is presented at or below the legal level of budgetary control. It also includes the effects of approved budget amendments.
7. Budgetary data is included in the District's management information system and is employed as a management control device during the year.
8. Unused appropriations lapse at the end of each fiscal year; however, the District increases the subsequent year's appropriation by an amount equal to outstanding encumbrances and reserves a portion of the fund balance in a like amount. There were no outstanding encumbrances for the year ended June 30, 2023.
9. The budget for the general fund is adopted on the modified accrual basis of accounting which is consistent with accounting principles generally accepted in the United States of America.
10. Where applicable, unbudgeted federal and state revenues and expenditures have been added to the original budgeted revenues and expenditures.

**ELIZABETHTOWN AREA SCHOOL DISTRICT**

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

<b>For the Fiscal Year Ended June 30</b>	<b>District's Proportion of the Net Pension Liability</b>	<b>District's Proportionate Share of the Net Pension Liability</b>	<b>District's Covered Payroll</b>	<b>District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2023	0.1917%	\$ 85,227,000	\$ 28,195,103	302.28%	61.34%
2022	0.2216%	\$ 90,982,000	\$ 31,404,698	289.71%	63.67%
2021	0.1992%	\$ 98,059,000	\$ 27,891,412	351.57%	54.32%
2020	0.1966%	\$ 91,975,000	\$ 27,120,360	339.14%	55.66%
2019	0.1946%	\$ 93,418,000	\$ 26,207,769	356.45%	54.00%
2018	0.1887%	\$ 93,181,000	\$ 25,123,007	370.90%	51.84%
2017	0.1939%	\$ 96,091,000	\$ 25,106,006	382.74%	50.14%
2016	0.1849%	\$ 80,090,261	\$ 23,830,686	336.08%	54.36%
2015	0.1833%	\$ 72,551,711	\$ 23,392,576	310.15%	57.24%

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

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

**ELIZABETHTOWN AREA SCHOOL DISTRICT**

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

<b>For the Fiscal Year Ended June 30</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to the Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>District's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2023	\$ 10,093,131	\$ (10,093,131)	\$ -	\$ 29,140,121	34.64%
2022	\$ 9,744,180	\$ (9,744,180)	\$ -	\$ 27,516,092	35.41%
2021	\$ 9,526,765	\$ (9,526,765)	\$ -	\$ 28,147,925	33.51%
2020	\$ 9,304,575	\$ (9,304,575)	\$ -	\$ 27,891,412	33.36%
2019	\$ 8,856,510	\$ (8,856,510)	\$ -	\$ 27,120,360	32.60%
2018	\$ 8,257,531	\$ (8,257,531)	\$ -	\$ 26,207,769	31.74%
2017	\$ 7,246,281	\$ (7,246,281)	\$ -	\$ 25,123,007	29.20%
2016	\$ 6,147,137	\$ (6,147,137)	\$ -	\$ 25,106,006	25.00%
2015	\$ 4,766,705	\$ (4,766,705)	\$ -	\$ 23,830,686	20.50%
2014	\$ 3,743,461	\$ (3,743,461)	\$ -	\$ 23,392,576	16.00%
2013	\$ 2,599,517	\$ (2,599,517)	\$ -	\$ 22,601,376	11.50%
2012	\$ 1,713,123	\$ (1,713,123)	\$ -	\$ 21,414,031	8.00%

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

**ELIZABETHTOWN AREA SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION -  
SCHEDULES OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS -  
DISTRICT'S SINGLE EMPLOYER PLAN**

**Last 10 Fiscal Years**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Total OPEB liability</b>						
Service cost	\$ 189,002	\$ 152,526	\$ 161,501	\$ 152,429	\$ 158,218	\$ 163,981
Interest	72,422	171,411	167,910	126,146	123,396	129,777
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	(1,765,747)	-	(1,012,390)	-	(205,077)
Changes in assumptions	(728,119)	(206,227)	-	1,519,399	-	1,050,843
Benefit payments	(130,276)	(230,354)	(219,444)	(175,641)	(198,457)	(173,329)
Other Changes	-	-	-	-	-	-
<b>Net change in total OPEB liability</b>	<b>(596,971)</b>	<b>(1,878,391)</b>	<b>109,967</b>	<b>609,943</b>	<b>83,157</b>	<b>966,195</b>
<b>Total OPEB Liability - beginning</b>	<b>3,057,981</b>	<b>4,936,372</b>	<b>4,826,405</b>	<b>4,216,462</b>	<b>4,133,305</b>	<b>3,167,110</b>
<b>Total OPEB Liability - ending</b>	<b>\$ 2,461,010</b>	<b>\$ 3,057,981</b>	<b>\$ 4,936,372</b>	<b>\$ 4,826,405</b>	<b>\$ 4,216,462</b>	<b>\$ 4,133,305</b>
<b>Covered payroll</b>	<b>\$ 26,920,136</b>	<b>\$ 26,920,136</b>	<b>\$ 24,773,177</b>	<b>\$ 24,168,953</b>	<b>\$ 24,341,850</b>	<b>\$ 23,748,146</b>
<b>Net OPEB liability as a percentage of covered payroll</b>	<b>9.14%</b>	<b>11.36%</b>	<b>19.93%</b>	<b>19.97%</b>	<b>17.32%</b>	<b>17.40%</b>

**Notes to Schedule:**

For the fiscal year ended June 30, 2023:

Changes in assumptions: The discount rate changed from 2.28% to 4.06%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS assumptions.

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

**ELIZABETHTOWN AREA SCHOOL DISTRICT**

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

<b>For the Fiscal Year Ended June 30</b>	<b>District's Proportion of the Net OPEB Liability</b>	<b>District's Proportionate Share of the Net OPEB Liability</b>	<b>District's Covered Payroll</b>	<b>District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>
2023	0.1917%	\$ 3,529,000	\$ 28,195,103	12.52%	6.86%
2022	0.2215%	\$ 5,251,000	\$ 31,404,698	16.72%	5.30%
2021	0.1922%	\$ 4,304,000	\$ 27,891,412	15.43%	5.69%
2020	0.1966%	\$ 4,181,000	\$ 27,120,360	15.42%	5.56%
2019	0.1946%	\$ 4,057,000	\$ 26,207,769	15.48%	5.56%
2018	0.1887%	\$ 3,845,000	\$ 25,123,007	15.30%	5.73%
2017	0.1939%	\$ 4,177,000	\$ 25,106,006	16.64%	5.47%

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

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

**ELIZABETHTOWN AREA SCHOOL DISTRICT**

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

<b>For the Fiscal Year Ended June 30</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to the Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>District's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2023	\$ 219,353	\$ (219,353)	\$ -	\$ 29,140,121	0.75%
2022	\$ 228,335	\$ (228,335)	\$ -	\$ 27,516,092	0.83%
2021	\$ 232,000	\$ (232,000)	\$ -	\$ 28,147,925	0.82%
2020	\$ 234,000	\$ (234,000)	\$ -	\$ 27,891,412	0.84%
2019	\$ 225,000	\$ (225,000)	\$ -	\$ 27,120,360	0.83%
2018	\$ 217,000	\$ (217,000)	\$ -	\$ 26,207,769	0.83%
2017	\$ 209,000	\$ (209,000)	\$ -	\$ 25,123,007	0.83%
2016	\$ 213,000	\$ (213,000)	\$ -	\$ 25,106,006	0.85%
2015	\$ 215,000	\$ (215,000)	\$ -	\$ 23,830,686	0.90%

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

**ELIZABETHTOWN AREA SCHOOL DISTRICT**

**COMBINING BALANCE SHEET - CAPITAL PROJECTS FUND**

**Year Ended June 30, 2023**

	Capital Reserve	2019 Bond Construction	Total Capital Projects
<b>Assets</b>			
Cash and cash equivalents	\$ 3,237,684	\$ 5,024,295	\$ 8,261,979
Due from other funds	588,841	10,650	599,491
<b>Total assets</b>	<u>\$ 3,826,525</u>	<u>\$ 5,034,945</u>	<u>\$ 8,861,470</u>
<b>Liabilities</b>			
Accounts payable	\$ 240,001	\$ -	\$ 240,001
Due to other funds	10,650	-	10,650
<b>Total liabilities</b>	<u>250,651</u>	<u>-</u>	<u>250,651</u>
<b>Fund Balances</b>			
Restricted	3,575,874	5,034,945	8,610,819
<b>Total fund balances</b>	<u>3,575,874</u>	<u>5,034,945</u>	<u>8,610,819</u>
<b>Total liabilities and fund balances</b>	<u>\$ 3,826,525</u>	<u>\$ 5,034,945</u>	<u>\$ 8,861,470</u>



**ELIZABETHTOWN AREA SCHOOL DISTRICT**

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

	Capital Reserve	2019 Bond Construction	Total Capital Projects
Revenues			
Local sources:			
Investments earnings	\$ 59,158	\$ 88,651	\$ 147,809
Expenditures			
Support Services	182,466	-	182,466
Facilities acquisition, construction and improvement services	534,705	-	534,705
<b>Total expenditures</b>	<b>717,171</b>	<b>-</b>	<b>717,171</b>
<b>Deficiency of revenues over expenditures</b>	<b>(658,013)</b>	<b>88,651</b>	<b>(569,362)</b>
Other Financing Sources (Uses)			
Transfers in	935,661	-	935,661
<b>Total other financing sources</b>	<b>935,661</b>	<b>-</b>	<b>935,661</b>
<b>Net changes in fund balances</b>	<b>277,648</b>	<b>88,651</b>	<b>366,299</b>
Fund Balances:			
July 1, 2022	3,298,226	4,946,294	8,244,520
June 30, 2023	<u>\$ 3,575,874</u>	<u>\$ 5,034,945</u>	<u>\$ 8,610,819</u>

**ELIZABETHTOWN AREA SCHOOL DISTRICT**

**COMBINING STATEMENT OF FIDUCIARY NET POSITION - CUSTODIAL FUND**

**June 30, 2023**

	Scholarship Fund	Health Fund	H.K. Alwine Fund	Northwest Lancaster County Medical Association Educational Fund	Student Activity Fund	Total Custodial Fund
<b>Assets</b>						
Cash and cash equivalents	\$ 339,240	\$ 405	\$ 19,992	\$ 78,986	\$ 109,146	\$ 547,769
Accounts receivable					2,275	2,275
<b>Total assets</b>	<u>339,240</u>	<u>405</u>	<u>19,992</u>	<u>78,986</u>	<u>111,421</u>	<u>550,044</u>
<b>Liabilities</b>						
Accounts payable	10,750	-	-	-	-	10,750
<b>Total Liabilities</b>	<u>10,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,750</u>
<b>Net Position</b>						
Restricted for:						
Held in trust for scholarships	103,490	-	-	-	-	103,490
Held in trust for health programs	-	405	-	-	-	405
Endowments	225,000	-	19,992	78,986	-	323,978
Student activities	-	-	-	-	111,421	111,421
<b>Total net position</b>	<u>328,490</u>	<u>405</u>	<u>19,992</u>	<u>78,986</u>	<u>111,421</u>	<u>539,294</u>
<b>Total liabilities and net position</b>	<u>\$ 339,240</u>	<u>\$ 405</u>	<u>\$ 19,992</u>	<u>\$ 78,986</u>	<u>\$ 111,421</u>	<u>\$ 550,044</u>

**ELIZABETHTOWN AREA SCHOOL DISTRICT**

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -  
CUSTODIAL FUND**

**Year Ended June 30, 2023**

	Scholarship Fund	Health Fund	H.K. Alwine Fund	Northwest Lancaster County Medical Association Educational Fund	Student Activity Fund	Total Custodial Fund
<b>Additions</b>						
Gifts and contributions	\$ 8,765	\$ -	\$ 352	\$ -	\$ -	\$ 9,117
Fees and collections	-	-	-	-	155,523	155,523
Investment earnings	5,966	7	-	1,424	-	7,397
<b>Total additions</b>	<b>14,731</b>	<b>7</b>	<b>352</b>	<b>1,424</b>	<b>155,523</b>	<b>172,037</b>
<b>Deductions</b>						
Student activity expenses	-	-	-	-	146,324	146,324
Scholarship awarded	14,375	-	-	2,000	-	16,375
<b>Total deductions</b>	<b>14,375</b>	<b>-</b>	<b>-</b>	<b>2,000</b>	<b>146,324</b>	<b>162,699</b>
<b>Changes in net position</b>	<b>356</b>	<b>7</b>	<b>352</b>	<b>(576)</b>	<b>9,199</b>	<b>9,338</b>
<b>Net Position:</b>						
July 1, 2022	328,134	398	19,640	79,562	102,222	529,956
June 30 2023	<u>\$ 328,490</u>	<u>\$ 405</u>	<u>\$ 19,992</u>	<u>\$ 78,986</u>	<u>\$ 111,421</u>	<u>\$ 539,294</u>

**SUPPLEMENTARY INFORMATION**

**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  
Elizabethtown Area School District  
Elizabethtown, 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 Elizabethtown Area School District (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 31, 2024.

**Report on Internal Control Over Financial Reporting**

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

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

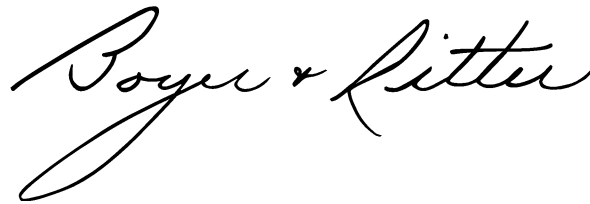
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

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Camp Hill, Pennsylvania  
January 31, 2024

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

Board of School Directors  
Elizabethtown Area School District  
Elizabethtown, Pennsylvania

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

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

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

***Basis for Opinion on Each Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

### **Report on Internal Control Over Compliance**

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

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



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

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

A handwritten signature in cursive script that reads "Boyer & Ritten". The signature is written in black ink and is centered on the page.

Camp Hill, Pennsylvania  
January 31, 2024

**ELIZABETHTOWN AREA SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2023**

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**Section I -- Summary of Auditor's Results**

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**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? \_\_\_ Yes     X  No

**Federal Awards**

Internal control over major programs:

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

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

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

Identification of the major programs:

Assistance Listing Number(s)	Name of Federal Program/Cluster
84.425	Education Stabilization Fund
84.027/84.173	Special Education Cluster

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

Auditee qualified as low-risk auditee? \_\_\_ Yes     X  No

**ELIZABETHTOWN AREA SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended June 30, 2023**

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**Section II -- Financial Statement Findings**

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A. Significant Deficiency(ies) in Internal Control

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

B. Compliance Findings

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

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**Section III -- Federal Award Findings and Questioned Costs**

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A. Compliance Findings

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

B. Significant Deficiency(ies) in Internal Control

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

ELIZABETHTOWN AREA SCHOOL DISTRICT

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

Grantor Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Grant Period	Program or Annual Award	Total Received for the Year	Accrued or (Defered) Revenue at July 1, 2022 (Restated)	Revenue Recognized	Expenditures Recognized	Accrued or (Defered) Revenue at June 30, 2023	Provided to Subrecipients
<b>U.S. Department of Education</b>										
Passed through the Pennsylvania Department of Education										
Title I- Grants to Local Educational Agencies	84.010	013-230135	22-23	\$ 489,199	\$ 419,886	\$ -	\$ 489,199	\$ 489,199	\$ 69,313	\$ -
Title I- Grants to Local Educational Agencies	84.010	013-220135	21-22	\$ 519,310	105,134	103,378	1,756	1,756	-	-
					<u>525,020</u>	<u>103,378</u>	<u>490,955</u>	<u>490,955</u>	<u>69,313</u>	<u>-</u>
Title II - Supporting Effective Instruction State Grants	84.367	020-230135	22-23	\$ 84,211	65,625	-	79,184	79,184	13,559	-
Title II - Supporting Effective Instruction State Grants	84.367	020-220135	21-22	\$ 101,442	(644)	(4,099)	3,455	3,455	-	-
					<u>64,981</u>	<u>(4,099)</u>	<u>82,639</u>	<u>82,639</u>	<u>13,559</u>	<u>-</u>
Title IV - Student Support and Academic Enrichment Program	84.424	144-230135	22-23	\$ 40,674	35,978	-	40,674	40,674	4,696	-
Title IV - Student Support and Academic Enrichment Program	84.424	144-220135	21-22	\$ 29,842	17	17	-	-	-	-
					<u>35,995</u>	<u>17</u>	<u>40,674</u>	<u>40,674</u>	<u>4,696</u>	<u>-</u>
COVID-19 - Elementary & Secondary School Emergency Relief Fund II	84.425D	200-210135	20-23	\$ 1,465,367	-	-	-	-	-	-
COVID-19 ARP Elementary & Secondary School Emergency	84.425U	223-210135	20-24	\$ 2,964,013	1,077,823	(215,565)	1,397,354	1,397,354	103,966	-
COVID-19 ARP Elementary & Secondary School Emergency 7% Learning Loss Set Aside	84.425U	225-210135	20-24	\$ 164,550	128,648	(8,975)	164,550	164,550	26,927	-
COVID-19 ARP Elementary & Secondary School Emergency 7% Summer School Set Aside	84.425U	225-210135	20-24	\$ 32,910	25,729	16,455	11,344	11,344	2,070	-
COVID-19 ARP Elementary & Secondary School Emergency 7% After School Set Aside	84.425U	225-210135	20-24	\$ 32,910	25,730	(1,795)	17,500	17,500	(10,025)	-
					<u>1,257,931</u>	<u>(209,880)</u>	<u>1,590,748</u>	<u>1,590,748</u>	<u>122,937</u>	<u>-</u>
COVID-19 ARP Elementary & Secondary School Emergency Homeless Children and Youth	84.425W	181-212134	21-24	\$ 25,721	11,871	9,298	4,780	4,780	2,207	-
Total passed through the Pennsylvania Department of Education					<u>1,895,798</u>	<u>(101,286)</u>	<u>2,209,796</u>	<u>2,209,796</u>	<u>212,712</u>	<u>-</u>
Passed through the Pennsylvania Commission on Crime and Delinquency										
COVID-19 - Education Stabilization Fund/PCCD Phase II	84.425D	2020-ES-01-35327	20-22	\$ 115,978	113,695	113,695	-	-	-	-
Passed through the Lancaster-Lebanon Intermediate Unit # 13										
Special Education Cluster										
Special Education Grants to States	84.027	062-180013	22-23	\$ 717,697	717,697	-	717,697	717,697	-	-
PaTTAN - Special Education Grants to States	84.027	062-23-0033	22-23	\$ 55,000	55,000	-	55,000	55,000	-	-
COVID-19 ARP Special Education - Grants to States	84.027	N/A	21-23	\$ 156,298	156,298	-	156,298	156,298	-	-
Special Education Preschool Grants	84.173A	131-180013	22-23	\$ 3,638	3,638	-	3,638	3,638	-	-
Total Special Education Cluster passed through the Lancaster-Lebanon Intermediate Unit # 13					<u>932,633</u>	<u>-</u>	<u>932,633</u>	<u>932,633</u>	<u>-</u>	<u>-</u>
<b>Total U.S. Department of Education</b>					<u>2,942,126</u>	<u>12,409</u>	<u>3,142,429</u>	<u>3,142,429</u>	<u>212,712</u>	<u>-</u>

(Continued)

ELIZABETHTOWN AREA SCHOOL DISTRICT

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

Grantor Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Grant Period	Program or Annual Award	Total Received for the Year	Accrued or (Deferred) Revenue at July 1, 2022 (Restated)	Revenue Recognized	Expenditures Recognized	Accrued or (Deferred) Revenue at June 30, 2023	Provided to Subrecipients
<b>U.S. Department of Health and Human Services</b>										
Passed through the Pennsylvania Department of Public Welfare										
Medicaid Cluster										
Medical Assistance Program	93.778	N/A	22-23	N/A	3,095	-	3,095	3,095	-	-
Medical Assistance Program	93.778	N/A	21-22	N/A	9,305	9,305	-	-	-	-
<b>Total U.S. Department of Health and Human Services</b>					<b>12,400</b>	<b>9,305</b>	<b>3,095</b>	<b>3,095</b>	<b>-</b>	<b>-</b>
<b>U.S. Department of Agriculture</b>										
Passed through the Pennsylvania Department of Education										
National School Lunch Program	10.555	N/A	22-23	N/A	734,453	-	734,453	734,453	-	-
National School Lunch Program	10.555	N/A	21-22	N/A	2,655	2,655	-	-	-	-
					<b>737,108</b>	<b>2,655</b>	<b>734,453</b>	<b>734,453</b>	<b>-</b>	<b>-</b>
School Breakfast Program	10.553	N/A	22-23	N/A	178,657	-	178,657	178,657	-	-
School Breakfast Program	10.553	N/A	21-22	N/A	1,227	1,227	-	-	-	-
					<b>179,884</b>	<b>1,227</b>	<b>178,657</b>	<b>178,657</b>	<b>-</b>	<b>-</b>
COVID-19 - School Breakfast Program - Supply Chain Assistance	10.555	N/A	22-23	N/A	94,963	-	94,963	94,963	-	-
COVID-19- Pandemic EBT Local Admin Funds	10.649	N/A	22-23	N/A	-	-	3,256	3,256	3,256	-
COVID-19- Pandemic EBT Local Admin Funds	10.649	N/A	22-23	N/A	628	-	628	628	-	-
					<b>628</b>	<b>-</b>	<b>3,884</b>	<b>3,884</b>	<b>3,256</b>	<b>-</b>
Total passed through the Pennsylvania Department of Education					<b>1,012,583</b>	<b>3,882</b>	<b>1,011,957</b>	<b>1,011,957</b>	<b>3,256</b>	<b>-</b>
Passed through the Pennsylvania Department of Agriculture										
National School Lunch Program - Food Donation	10.555	N/A	22-23	N/A	109,350	(10,548)	94,953	94,953	(24,945)	-
<b>Total U.S. Department of Agriculture</b>					<b>1,121,933</b>	<b>(6,666)</b>	<b>1,106,910</b>	<b>1,106,910</b>	<b>(21,689)</b>	<b>-</b>
<b>Total Expenditures of Federal Awards</b>					<b>\$ 4,076,459</b>	<b>\$ 15,048</b>	<b>\$ 4,252,434</b>	<b>\$ 4,252,434</b>	<b>\$ 191,023</b>	<b>\$ -</b>
Child Nutrition Cluster (Assistance Listing Numbers - 10.553, 10.555 and 10.559)					<b>\$ 1,121,305</b>	<b>\$ (6,666)</b>	<b>\$ 1,103,026</b>	<b>\$ 1,103,026</b>	<b>\$ (24,945)</b>	<b>\$ -</b>
Special Education Cluster (Assistance Listing Numbers - 84.027 and 84.173)					<b>\$ 932,633</b>	<b>\$ -</b>	<b>\$ 932,633</b>	<b>\$ 932,633</b>	<b>\$ -</b>	<b>\$ -</b>
Education Stabilization Fund (Assistance Listing Number - 84.425)					<b>\$ 2,461,320</b>	<b>\$ (302,452)</b>	<b>\$ 2,992,882</b>	<b>\$ 2,992,882</b>	<b>\$ 229,110</b>	<b>\$ -</b>

See Notes to Schedule of Expenditures of Federal Awards.

**ELIZABETHTOWN AREA SCHOOL DISTRICT**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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**Note 1. Basis of Presentation**

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

**Note 2. Significant Accounting Policies**

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

**Note 3. Access Program**

The ACCESS Program is a medical assistance program that reimburses local education agencies for direct, eligible health-related services provided to enrolled special needs students. ACCESS reimbursements are Federal monies but are classified as fee-for-service revenues and are not considered Federal financial assistance and are not included on the Schedule. The amount of ACCESS funding expended, but not included on the Schedule for the year ended June 30, 2023, was \$314,106.

**Note 4. Prior Year Expenditures**

For the year ended June 30, 2023, the District restated the beginning accrued (deferred) revenue amount on the Schedule of Expenditures of Federal Awards to accurately reflect expenditures incurred and revenue recognized in the prior year. The total restatement resulted in a decrease of \$18,388 to the beginning accrued (deferred) revenue amount and impacted the following program:

Assistance Listing Number	Pass-Through Grantor's Number	Total Received fiscal year ended June 30, 2022	Reported	Reported	Corrected	Corrected
			Expenditures/Revenues Recognized for fiscal year ended June 30, 2022	Prior Year Accrued (Deferred) Revenues as of June 30, 2022	Expenditures/Revenues Recognized for fiscal year ended June 30, 2022	Accrued (Deferred) Revenues as of July 1, 2022
84.425D	200-210135	\$ 1,016,790	\$ 558,656	\$ 18,388	\$ 540,268	\$ -

**ELIZABETHTOWN AREA SCHOOL DISTRICT**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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There were no prior year's audit findings.