UPPER ADAMS SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2024

KOCHENOUR, EARNEST, SMYSER & BURG
Certified Public Accountants
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Board of Directors
Upper Adams School District
Biglerville, Pennsylvania

To the Members of the Board:

We have performed the Single Audit of the Upper Adams School District for the fiscal year ended June 30, 2024 and have enclosed the Single Audit reporting package.

The Single Audit was done to fulfill the requirements of the Uniform Guidance Compliance Supplement. It entailed: (1) an audit of the general purpose financial statements and our opinion thereon; (2) an examination of the Schedule of Federal Financial Assistance and our opinion thereon; (3) a study and evaluation of internal controls based on an evaluation of the federal financial assistance programs; (4) a review of compliance based on an audit of the general purpose financial statements in accordance with Government Auditing Standards; and (5) a review of compliance with laws and regulations related to the federal financial assistance programs and our opinion thereon.

As part of our report, we have also issued a management letter addressing recommendations we feel should be considered by the school district.

Kochenour, Earnest, Smyser, & Burg

Certified Public Accountants

York, Pennsylvania
December 13, 2024

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UPPER ADAMS SCHOOL DISTRICT
BIGLERVILLE, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

June 30, 2024

The discussion and analysis of Upper Adams School District's financial performance provides an overall review of the District's financial activities for the fiscal year ending June 30, 2024. The intent of this discussion and analysis is to review the District's financial performance as whole. Readers should also review the financial statements, notes to the financial statements, and related audit information to enhance their understanding of the District's financial performance.

The Management 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 issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

For the 2023-2024 fiscal year, revenues were approximately $12,600,879 above the budgeted amount. Expenditures were approximately $11,045,670 above the budgeted amount. In total for the year, General Fund revenues exceed expenditures leaving a surplus of $1,555,209, compared to a budgeted deficit of $1,368,051.

In the budgeting process for the 2023-2024 fiscal year, the Board of School Directors balanced the budget by allocating nearly $1,368,051 from the General Fund Balance along with a 0% mill increase to the taxpayers. Tax revenue budgeting from 2023-2024 fiscal year includes a mix of increases and decreases in individual line items compared to the prior fiscal year due to the continued uncertain national and regional economic condition.

For the purpose of financial planning to meet the anticipated increases in expenses in certain areas, the School District has continued to assign a part of its General Fund Balance in the following manner: $1,213,864 for debt, $231,000 for future increases in PSERS employer retirement costs, $350,000 for future healthcare costs, $2,955,0000 for capital reserve, and $2,100,000 for technology. As projections of future costs are assessed, these assigned amounts may be modified in accordance with Board Policy 623 to meet future expenses.

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 detail how general district services were financed in the short-term as well as future spending. Propriety fund statements offer short and long-term financial information about school district activities that operate like a business. For the Upper Adams School District, it is the 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 specific information in the financial statements and provide more detailed data.

Figure A-1 shows the arrangement and relationship between the required parts of the Financial Section.

Figure A-1
Required components of
Upper Adams School District's
Financial Report

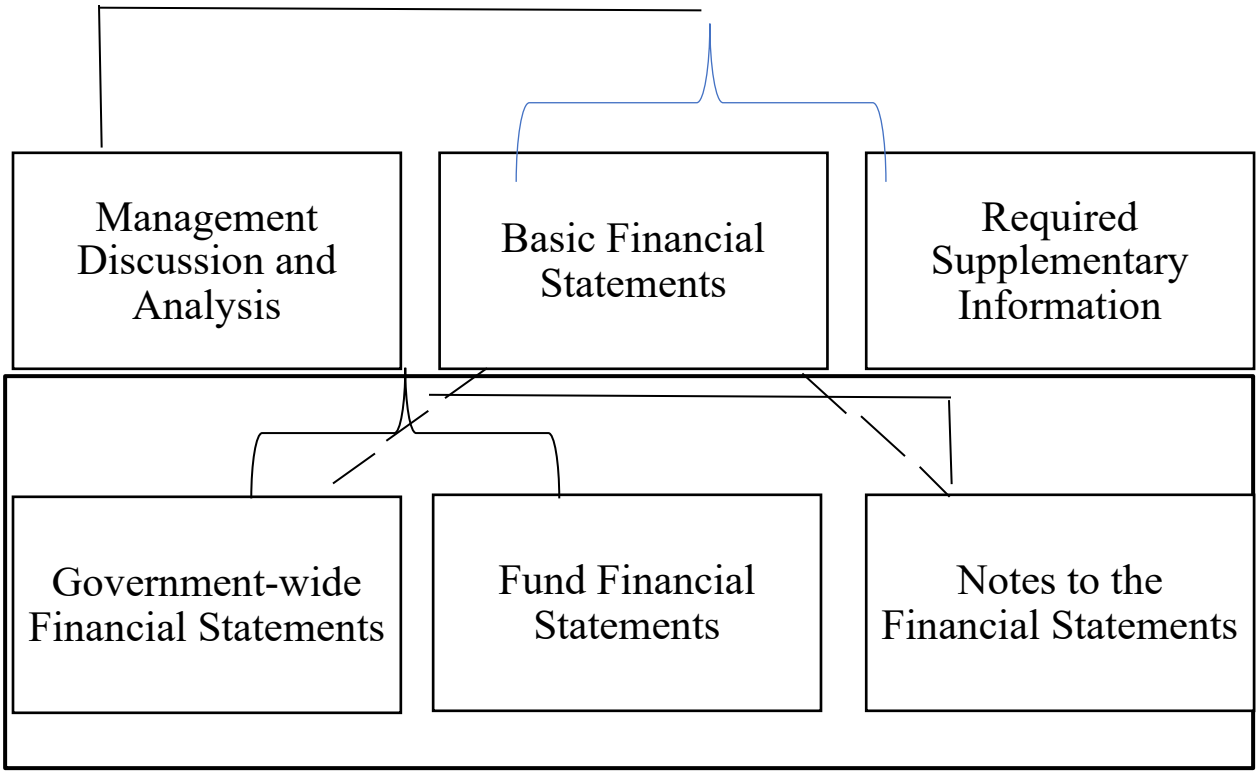


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District they cover and the types of information they contain. The remainder of this overview section of management discussion and analysis explains the structure and contents of each of the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

Figure A-2
Major Features of Upper Adams School District's
Governmental-wide and Fund Financial Statements

	Government-wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as education, administration, and community services	Activities the District operates similar to private business – Food Service	Instances in which the District is the trustee or agent to someone else's resources – Scholarship Funds
Required Financial statements	Statements of net assets; States of activities	Balance sheet; Statement of revenues, expenditures, and changes in fund balance	Statement of net assets; Statement of revenues, expenses, and changes in net assets; Statement of cash flows	Statement of fiduciary net assets; Statement of changes in fiduciary net assets
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

OVERVIEW OF FINANCIAL STATEMENTS

Government-Wide Statements

The government-wide statements report information about the District using accounting methods similar to those used by private-sector companies. The statement of net assets includes all the school district's assets and liabilities. All 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 assets and how they have changed. Net assets, the difference between the District's assets and liabilities, is one measurement of the District's financial health or position.

Long-term increases or decreases in the District's net assets can be indication of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the District, you need to consider additional non-financial factors, such as changes in the District's property tax base and the performance of 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 in these statements, 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 program 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 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 to finance the District's programs. The relation (or difference) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds – These funds are used to account for District activities that are similar to business operations in the private sector, when the reporting is on determining net income, financial position, changes in financial position, and/or when a significant portion of funding is derived 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 reported in the government-wide statements, but provides more detail and additional information, such as cash flows.

Fiduciary Funds – The District is the trustee, or fiduciary, for some small scholarship funds. All the District's fiduciary activities are reported in separate Statement of Fiduciary Net Assets. These activities are excluded from the District's other financial statement because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The perspective of the Statement of Net Position is of the School District as a whole. Table A-1 provides a summary of net position for 2024 and 2023, respectively.

Table A-1
Fiscal Year ended June 30, 2024
Net Positions

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Total assets	54,532,589	54,177,632	$ 1,341,242	$ 1,104,110	$ 55,873,831	$ 55,281,742
Deferred Outflows of Resources	7,560,029	$ 7,148,794			$ 7,560,029	$ 7,148,794
Total Liabilities	69,810,894	72,011,554	$ 109,258	$ 70,339	$ 69,920,152	$ 72,081,893
Deferred Inflows of Resources	5,394,102	$ 4,016,784			$ 5,394,102	$ 4,016,784
Net Investment in capital assets	6,912,338	4,370,623	$ 1,231,984	$ 1,033,771	$ 8,144,322	$ 5,404,394
Restricted						
Unrestricted	(20,024,716)	(19,072,535)			$ (20,024,716)	$ (19,072,535)
Total Net Assets	$ (13,112,378)	$ (14,701,912)	$ 1,231,984	$ 1,033,771	$ (11,880,394)	$ (13,668,141)

Governmental Activities

On June 30, 2024, the School District had a net position from governmental activities of (13,112,378); which was an increase of $1,589,534 or 22.96% during the fiscal year.

The results of this year's operations as a whole are reported in the Statement of Activities in the audited financial statements. 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 revenue. The two largest general revenues are the local taxes assessed to community taxpayers and the Basic Education Subsidy provided by the Commonwealth of Pennsylvania.

Table A-2 extracts the information from the Statement of Activities and rearranges it in a format to better understand the total revenue and expenses for the fiscal year.

Table A-2
Fiscal Year ended June 30, 2024
Change in Net Positions

Changes in Net Position- A2	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program Revenues						
Charges for Services	$ 520,765	$ 566,495	$ 296,074	$ 180,711	$ 816,839	$ 747,206
Operating Grants & Contributions	$ 5,671,744	$ 7,010,351	$ 1,010,720	$ 970,888	$ 6,682,464	$ 7,981,239
Capital Grants & Contributions					$ -	$ -
General Revenues					$ -	$ -
Property Taxes	$ 13,109,875	$ 12,980,671			$ 13,109,875	$ 12,980,671
Other Taxes	$ 3,787,408	$ 3,808,663			$ 3,787,408	$ 3,808,663
Grants, Subsidies & Contributions(Unrestricted)	$ 11,691,363	$ 10,704,449			$ 11,691,363	$ 10,704,449
Other	$ 1,021,536	$ 644,728	$ 2,981	$ 2,594	$ 1,024,517	$ 647,322
Total Revenues	$ 35,802,691	$ 35,715,357	$ 1,309,775	$ 1,154,193	$ 37,112,466	$ 36,869,550
Expenses:						
Instruction	$ 21,949,318	$ 18,296,605			$ 21,949,318	$ 18,296,605
Instructional Student Support	$ 3,233,873	$ 4,223,194			$ 3,233,873	$ 4,223,194
Administrative & Financial Support	$ 3,232,264	$ 2,946,897			$ 3,232,264	$ 2,946,897
Operation & Plant Maintenance	$ 2,062,523	$ 2,021,246			$ 2,062,523	$ 2,021,246
Pupil Transportation	$ 1,455,795	$ 1,416,951			$ 1,455,795	$ 1,416,951
Student Activities	$ 950,563	$ 899,859			$ 950,563	$ 899,859
Interest on Long-Term Debt	$ 1,328,821	$ 1,530,251			$ 1,328,821	$ 1,530,251
Food Services			$ 1,111,562	$ 885,941	$ 1,111,562	$ 885,941
Total Expenses	$ 34,213,157	$ 31,335,003	$ 1,111,562	$ 885,941	$ 35,324,719	$ 32,220,944
Change in Net Position	$ 1,589,534	$ 4,380,354	$ 198,213	$ 268,252	$ 1,787,747	$ 4,648,606

Governmental revenues, excluding business-type activity transfers, increased .245% for 2024, and increased 6.17% for 2023. In terms of dollars, this increase is $87,334 for 2024 and an increase of $2,202,517 for 2023, and $35.7 million in 2024, and $33.7 million in 2023. Reasons for the increase are primarily attributed to the following changes:

- Other Taxes – collection was higher than anticipated due to higher wages and bonuses being paid to employees

- Grants and subsidies not restricted overall increased by 9.22% otherwise $986,914 as a result from retirement and social security subsidies. Additionally, the District records the property tax relief payment from the State in this category and reflected as the Homestead/Farmstead Exclusion on the taxpayer's real estate tax bill.

- Charges for services decreased by 8.07% or $45,730. These services include revenue received from other school districts for consortium services, mainstreaming children placed in private homes, rental of school facilities and admission revenues.

Property taxes contributed to 36.62% for 2023-2024 and 36.34% for 2022-2023, for total revenues for governmental activities at Upper Adams School District. Property tax as a percentage of total revenues remains consistent.

Governmental program expenditures increased by 9.19% for 2023-2024 from $31.3 million to approximately $34.2 million. The major changes in expenditures can be primarily attributed to the following:

- Total annual wages subjective to PSERS for 2023-2024 increased overall by 4.42% or $524,061. This is the net change from overall change in contract increases, new hires, retirement, and the change in contracted services.

- The PSERS employer contribution rate for employee retirement continually increases, changing from to 33.43% in 2018-2019, to 34.29% in 2019-2020, to 34.51% in 2020-2021, to 34.94% in 2021-2022 to 35.26% in 2022-2023, to 34.00% in 2023-2024 to 33.9% in 2024-2025. Over the last four years: Object code 230/231 (PSERS expense) reflects an increase in 2022-2023 of 8.09% or $339,815, 2021-2022 of 1.2% or $44,681,

for 2020-2021 of 1.5% or $57,253, for 2019-2020 of 5.5% or $206,603. The perpetual increase, over the four-year period, is 16.29% or $648,352.

- Total group insurance expenses decreased for both covered bargaining unit and non-covered collective units, comprises of medical, dental, and vision insurance. Overall, the benefit insurance decreased in cost utilization since joining Lincoln Benefit Trust (LBT) the self-insurance market performance resulted in an decrease of Restricted Non-Spendable Fund Balance of $419,407 for a total of Restricted Non-Spendable Fund Balance to $2,994,228 ending June 30, 2024. In summary, the decrease is a result of higher medical claim expenses; however, the restricted funds will be used in the rating methodology to continue rate stabilization for future medical claims cost.

- Student tuition costs include local educational agencies, institutionalized children's programs, bricks and mortar charter schools, cyber charter schools, career and technical centers and private residential rehabilitation centers overall increase by 8.98% or $239,237 leaving total tuition cost of $2,904,498 ended June 30, 2024.

- Instructional costs contributed to 73.61 and 71.87% of total program expenses for governmental activities for Upper Adams School District in fiscal years ending 2024 and 2023.

The Statement of Activities reflects the cost of program services and the charges for services, sales, grants, and contributions offsetting those services.

Table A-3, for governmental activities, indicates the total cost of services and net cost of services. The table shows the net cost offset by the other unrestricted grants, subsidies, and contributions to show the remaining financial needs supported by local taxes and other miscellaneous revenues.

Table A-3
Fiscal Year ended June 30, 2024
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2024	2023	2024	2023
Functions/Programs				
Instruction	$ 21,949,318	$ 18,296,605	$ 17,219,078	$ 12,143,099
Instructional Student Support	$ 3,233,873	$ 4,223,194	$ 3,204,122	$ 4,193,140
Administrative	$ 3,232,264	$ 2,946,897	$ 3,232,264	$ 2,946,897
Operation and Maintenance	$ 2,062,523	$ 2,021,246	$ 2,060,023	$ 2,017,796
Pupil Transportation	$ 1,455,795	$ 1,416,951	$ 217,186	$ 283,218
Student Activities	$ 950,563	$ 899,859	$ 897,388	$ 841,110
Interest on Long-Term Debt	$ 1,328,821	$ 1,530,251	$ 1,190,587	$ 1,332,897
Total Governmental Activities	$ 34,213,157	$ 31,335,003	$ 28,020,648	$ 23,758,157
Less:				
Unrestricted Grants and Subsidies			$ 1,010,720	$ 970,888
Total Needs from Local Taxes and Other Revenues			$ 27,009,928	$ 22,787,269

Nearly 3.61% of the 2023-2024 total cost of services for the governmental activities was funded by charges for services, grants, and contributions. The remaining costs were funded by tax revenues and the basic instructional subsidy.

Business-Type Activities

The only business-type activity at Upper Adams School District is the food service operation. The School District provided free breakfast for grades K through 12. This program had operating revenues of $296,074 and non-operating revenue of $1,010,720. The expenses totaled $1,111,562 for the year 2023-2024 fiscal year. The School District received 90.93% of its revenues from operating grants and contributions from the federal and state reimbursable breakfast and lunch programs. Revenue from state and federal grants increased by $39,832. Total operating revenues increased by $115,363 and expenditures increased by $225,621. Total net position incurred and increase of $198,213 leaving Food Service ending net position of $1,231,984 on June 30, 2024.

CAPITAL ASSETS AND DEBT ADMINISTRATION

On June 30, 2024, the District had $37,382,338 invested in a broad range of capital assets, including land, buildings, furniture, and equipment and construction in progress. Under GASB #34 financial statements, a comparative analysis is provided comparing prior year totals to determine the net increase or decrease in capital assets.

Table A-4
Fiscal Year ended June 30, 2024
Capital Assets – Net of Depreciation

	Governmental Activities		Business-type		Totals	
	2024	2023	2024	2023	2024	2023
Land and land improvements	$ 668,416	$ 668,416				
Construction in Progress	$ 4,094,789	$ 1,164,333				
Site Improvements	$ 497,890	$ 601,780				
Buildings	$ 31,647,641	$ 32,661,828				
Equipment	$ 473,602	$ 634,266				
Total Capital Assets	$ 37,382,338	$ 35,730,623	$ -	$ -	$ 37,382,338	$ 35,730,623

Total Governmental Capital Assets increased by 4.42% or $1,651,715 as this represents an increase in buildings over prior year.

DEBT ADMINISTRATION

On June 30, 2024, the Upper Adams School District had $30,837,511 in bonds and capital lease obligations outstanding.

Table A-5 summarizes and compares outstanding debt for the 2024, 2023, 2022, 2021 fiscal years, respectively.

Table A-5
Fiscal Year ended June 30, 2024
Outstanding Debt

	2024	2023	2022	2021
General Obligation Bonds				
Bond Series 2017	5,885,000	6,275,000	6,280,000	6,800,000
Bond Series 2019	295,000	9,975,000	9,980,000	9,985,000
Bond Series A of 2019	14,295,000	14,315,000	14,335,000	14,355,000
Note 2021	-	995,000	2,640,000	
Bond Series 2024	9,995,000			
Capital Lease Obligations	367,511	700,153	815,248	274,461
Total Outstanding Debt and Capital Lease Obligations	$ 30,837,511	$ 32,260,153	$ 34,050,248	$ 34,624,461

Economic Impact and Budget Rate Forecast

The Upper Adams School District has investments at PNC Bank, ACNB, M&T Bank and the Pennsylvania School District Liquid Asset Fund (PSDLAF). The Federal Deposit Insurance Corporation (FDIC) insures the bank account balances and additional protection of investments is guaranteed through Act 72 of 1971 as well. Act 72 required banks to provide securities as collateral for all public balances on deposit. The PSDLAF provides collateral segregated at a Third-Party Institution or guaranteed by the Federal Home Loan Bank Letter of Credit. The PSDLAF collateral is monitored at 102% market value at the close of business daily.

The Commonwealth of Pennsylvania provided a minimal increase in the annual special education subsidy and no change from the Governor budget in basic educational subsidy. Moreover, with minimal increases, continued reductions, and the possibility of not having a state approved budget or state fluctuations in state subsidies, PSERS increases, pension liabilities and the possibility of new unfunded mandates are matters of concern for the District.

The expenditure budget for 2023-2024 fiscal year is $1,223,779 increase from the original budget in 2022-2023, a 3.62% increase. The budgeted revenues for 2022-2023 increased by $3,419,154 or 10.62% increase due primarily to

increased local earned income tax, tax transfer, investment earnings and increase in State funding. Seventy-five percent of the Pennsylvania State Budget was passed on August 3, 2023 with the remaining twenty-five percent passed on December 13, 2023. The reliance on local revenue to fund expenditures continues in the 2023-2024 fiscal year budget.

The comparison of revenue and expenditure categories is as follows:

Table A-6

BUDGETED REVENUES

	2022-2023	2023-2024	2024-2025
Local	52.06%	52.05%	50.63%
State	44.20%	45.69%	48.22%
Federal/Other	3.75%	2.27%	1.15%

BUDGETED EXPENDITURES

	2022-2023	2023-2024	2024-2025
Instruction	57.83%	60.61%	60.73%
Support Services	30.78%	30.07%	31.38%
Non-Instruction/Community	2.86%	2.82%	26.76%
Budget Reserve/Debt	8.53%	6.49%	5.21%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds – Fund Balance

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

As of the end of June 30, 2024, the Upper Adams School District governmental funds report a total ending fund balance of $15,664,328. Fund Balance for Capital Projects is $448,873 and Capital Reserve at $2,537,050, both restricted for capital projects.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Upper Adams School District original budget anticipated revenues at $33,102,741 and expenditures of $34,470,792. The actual results for the year were revenues in excess $12,600,879 and expenses were over-expended by $11,045,670. The overall change in position increasing the fund balance by $1,555,209. Refer to fund balance appropriations as listed in Financial Highlights.

REQUESTS FOR INFORMATION

The financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the district's finances and to demonstrate the district's accountability. If you have any questions about this report or need additional information, please contact Shelley Hobbs, Business Administrator/Board Secretary, at (717)677-7191 ext. 2704, email s.hobbs@upperadams.org or by mail at the Upper Adams School District, 161 North Main Street, Biglerville, PA 17307.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Upper Adams School District
Biglerville, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from

error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 including 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 Upper Adams School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Upper Adams School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1-10 and page 20 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 Upper Adams School District's basic financial statements. The 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

To the Board of Directors
Upper Adams School District
Biglerville, Pennsylvania

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 combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13 2024, on our consideration of the Upper Adams School District's internal control over financial reporting and 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 Upper Adams School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Upper Adams School District's internal control over financial reporting and compliance.

Kochenour, Earnest, Smyser & Burg

Certified Public Accountants

York, Pennsylvania
December 13, 2024

UPPER ADAMS SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$ 11,778,507	$ 1,034,303	$ 12,812,810
Investments	0	0	0
Taxes Receivable, Net	623,004	0	623,004
Internal Balances	20,000	35,885	55,885
Due from General Fund	0	0	0
Due From Other Governments	1,417,162	0	1,417,162
Other Receivables	313,188	0	313,188
Inventories	0	42,132	42,132
Other Current Assets	0	0	0
Prepaid Expenses	2,998,390	0	2,998,390
Total Current Assets	17,150,251	1,112,320	18,262,571
Noncurrent Assets:			
Prepaid Bond Insurance	0	0	0
Right to use leased assets, net of amortization	367,511	0	367,511
Land	668,416	0	668,416
Site Improvement (Net of Amortization)	497,890	0	497,890
Building & Building Improv. (Net of Acc. Depreciation)	31,647,641	0	31,647,641
Construction in Progress	4,094,789	0	4,094,789
Furniture & Equipment (Net of Acc. Depreciation)	473,602	228,922	702,524
Total Noncurrent Assets	37,749,849	228,922	37,978,771
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred amounts related to OPEB	630,979	0	630,979
Deferred amounts on Refunding Debt	0	0	0
Deferred amounts related to pensions	6,561,539	0	6,561,539
TOTAL ASSETS	$ 62,092,618	$ 1,341,242	$ 63,433,860
LIABILITIES			
Current Liabilities:			
Internal Balances	$ 35,885	$ 20,000	$ 55,885
Accounts Payable	352,565	62,419	414,984
Current Portion of Long-Term Debt	970,000	0	970,000
Due to Food Service Fund	0	0	0
Due to Other Governments	0	0	0
Accrued G.O. Bond Interest Payable	330,804	0	330,804
Accrued Salaries and Benefits	1,471,423	0	1,471,423
Payroll Deductions & Withholdings	1,205,252	0	1,205,252
Deferred Revenues	10,724	26,839	37,563
Total Current Liabilities	4,376,653	109,258	4,485,911
Noncurrent Liabilities:			
Bonds/Notes Payable	29,500,000	0	29,500,000
Long-Term Portion of Compensated Absences	333,790	0	333,790
Capital Lease Obligations	367,511	0	367,511
G.O. Bond Premium	748,435	0	748,435
Net Pension Liability	35,367,000	0	35,367,000
OPEB Liability	2,713,191	0	2,713,191
Total Noncurrent Liabilities	69,029,927	0	69,029,927
DEFERRED INFLOWS OF RESOURCES:			
Deferred amounts related to OPEB	1,221,416	0	1,221,416
Deferred amounts related to pensions	577,000	0	577,000
TOTAL LIABILITIES	75,204,996	109,258	75,314,254
NET POSITION			
Invested in Capital Assets Net of Related Debt	6,912,338	0	6,912,338
Unrestricted	(20,024,716)	1,231,984	(18,792,732)
TOTAL NET POSITION	(13,112,378)	1,231,984	(11,880,394)
TOTAL LIABILITIES AND NET POSITION	$ 62,092,618	$ 1,341,242	$ 63,433,860

The accompanying notes are an integral part of these financial statements.

UPPER ADAMS SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental activities:								
Instruction	$ 21,949,318	$ 0	$ 465,090	4,265,150	$ 0	$ (17,219,078)	$ 0	$ (17,219,078)
Instructional Student Support	3,233,873	0	0	29,751	0	(3,204,122)	0	(3,204,122)
Admin. & Finl Support Services	3,232,264	0	0	0	0	(3,232,264)	0	(3,232,264)
Op & Main of Plant Svcs	2,062,523	0	2,500	0	0	(2,060,023)	0	(2,060,023)
Pupil Transportation	1,455,795	0	0	1,238,609	0	(217,186)	0	(217,186)
Student Activities	950,563	0	53,175	0	0	(897,388)	0	(897,388)
Community Services	0	0	0	0	0	(0)	0	(0)
Interest on Long-Term debt	1,328,821	0	0	138,234	0	(1,190,587)	0	(1,190,587)
Total Governmental Activities	34,213,157	0	520,765	5,671,744	0	(28,020,648)	0	(28,020,648)
Business-type activities:								
Food Service	1,111,562	0	296,074	1,010,720	0	0	195,232	195,232
Total primary government	$ 35,324,719	$ 0	$ 816,839	$ 6,682,464	$ 0	(28,020,648)	195,232	(27,825,416)
General revenues:								
Taxes:								
Property taxes, levied for general purposes, net						13,109,875	0	13,109,875
Taxes levied for Specific Purposes, net						3,787,408	0	3,787,408
Grants, subsidies, & contributions not restricted						11,691,363	0	11,691,363
Investment Earnings						581,197	2,981	584,178
Sale of Fixed Assets						0	0	0
Miscellaneous Income						440,339	0	440,339
Total general revenues, special items, extraordinary items and transfers						29,610,182	2,981	29,613,163
Change in Net Position						1,589,534	198,213	1,787,747
Net Position—beginning						(14,701,912)	1,033,771	(13,668,141)
Net Position—ending						$ (13,112,378)	$ 1,231,984	$ (11,880,394)

The accompanying notes are an integral part of these financial statements.

UPPER ADAMS SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

	General Fund	Major Fund Capital Reserve	Major Fund Construction	Total Governmental Funds
ASSETS				
Cash & Cash Equivalents	$ 10,293,861	$ 1,035,773	$ 448,873	$ 11,778,507
Investments	0	0	0	0
Taxes Receivable (Net)	623,004	0	0	623,004
Due from Other Funds	20,000	1,500,000	0	1,520,000
Due from Other Governments	1,417,162	0	0	1,417,162
Other Receivables	311,911	1,277	0	313,188
Inventories	0	0	0	0
Prepaid Expenses/Expenditures	2,998,390	0	0	2,998,390
Other Current Assets	0	0	0	0
TOTAL ASSETS	$ 15,664,328	$ 2,537,050	$ 448,873	$ 18,650,251
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 352,565	$ 0	$ 0	$ 352,565
Due to Other Funds	1,535,885	0	0	1,535,885
Due to other Governments	0	0	0	0
Accrued Salaries and Benefits	1,471,423	0	0	1,471,423
Payroll Deductions & Withholdings	1,205,252	0	0	1,205,252
TOTAL LIABILITIES	4,565,125	0	0	4,565,125
DEFERRED INFLOWS OF RESOURCES				
Delinquent Real Estate Taxes	660,488	0	0	660,488
Federal Programs	10,724	0	0	10,724
FUND BALANCES				
Nonspendable Fund Balance	2,994,228	0	0	2,994,228
Restricted - Capital Projects	0	2,537,050	448,873	2,985,923
Assigned - Debt	1,213,864	0	0	1,213,864
Assigned - Technology	2,100,000			2,100,000
Assigned - PSERS Cost Increases	231,000	0	0	231,000
Assigned - Cumberland Perry Renovation	787,406			787,406
Assigned - Healthcare Costs	350,000	0	0	350,000
Unassigned	2,751,493	0	0	2,751,493
TOTAL FUND BALANCES	10,427,991	2,537,050	448,873	13,413,914
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 15,664,328	$ 2,537,050	$ 448,873	$ 18,650,251

The accompanying notes are an integral part of these financial statements.

UPPER ADAMS SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

Total Fund Balances - Governmental Funds		$ 13,413,914
Amounts reported for governmental activities in the statement of net position are different because:		
Capital Assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is $72,407,343 and the accumulated depreciation is $35,025,005.		37,382,338
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.		660,487
Bond Issue Premium/Discount is recorded as a liability on the Statement of Net Position, but is not reported as a liability in governmental funds.		0
OPEB Liability costs are recorded as a liability on the Statement of Net Position, but are not reported as a liability in governmental funds.		(2,713,191)
Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Right to use assets at historical cost		700,154
Accumulated amortization		(332,643)
Bond Insurance premiums that are paid at bond settlement are expensed in the governmental funds. The amounts attributable to future periods are reflected as prepaid bond insurance.		0
The difference between the re-acquisition price and the net carrying amount of the old debt is a deferred outflow of resources, which is not reported in the governmental funds.		0
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore are not reported in the funds.		
Deferred outflows of resources related to pensions		6,561,539
Deferred inflows of resources related to pensions		(577,000)
Deferred outflows of resources related to OPEB		630,979
Deferred inflows of resources related to OPEB		(1,221,416)
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/Notes Payable	(30,470,000)	
Accrued Interest on the Bonds	(330,804)	
Bond Premium/Discount	(748,435)	
Net Pension Liability	(35,367,000)	
Capital Lease Obligations	(367,511)	
Compensated Absences	(333,789)	(67,617,539)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		$ (13,112,378)

The accompanying notes are an integral part of these financial statements.

UPPER ADAMS SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	General Fund	Major Fund Capital Reserve	Major Fund Construction	Total Governmental Funds
REVENUES				
Local Sources:				
Real Estate Taxes and Penalties	$ 12,961,206	$ 0	$ 0	$ 12,961,206
Other Taxes	3,787,409	0	0	3,787,409
Interest	477,053	35,227	68,917	581,197
Revenue Received from Other LEAS	409,497	0	0	409,497
Tuition	465,090	0	0	465,090
Other Revenue	335,432	0	0	335,432
Total Local Sources	18,435,687	35,227	68,917	18,539,831
State Sources	16,117,283	0	0	16,117,283
Federal Sources	762,148	0	0	762,148
Total Revenues	35,315,118	35,227	68,917	35,419,262
EXPENDITURES				
Current:				
Instruction	21,023,759	0	0	21,023,759
Support Services	9,536,317	0	0	9,536,317
Non-Instructional Services	907,378	0	0	907,378
Total Current Expenditures	31,467,454	0	0	31,467,454
Capital Outlay:				
Facilities Acquisition, Construction and Improvements	0	2,930,456	0	2,930,456
Total Capital Outlay	0	2,930,456	0	2,930,456
Debt Service:				
Principal	1,522,643			1,522,643
Interest	1,050,103	0	0	1,050,103
Total Debt Service	2,572,746	0	0	2,572,746
TOTAL EXPENDITURES	34,040,200	2,930,456	0	36,970,656
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,274,918	(2,895,229)	68,917	(1,551,394)
OTHER FINANCING SOURCES (USES)				
Proceeds from G.O. Bonds	10,153,741	0	0	10,153,741
Debt Service - Refunded Bond Issues	(9,976,261)			(9,976,261)
Interfund Transfers	0	1,500,000	0	1,500,000
Sale/Compensation for Fixed Assets	0	0	0	0
Refunds of Prior Years Expenditures	234,761	0	0	234,761
Refunds of Prior Years Receipts	0	0	0	0
Operating Transfers Out	(1,500,000)	2,551,650	(2,551,650)	(1,500,000)
TOTAL OTHER FINANCING SOURCES (USES)	(1,087,759)	4,051,650	(2,551,650)	412,241
Net Change in Fund Balances	187,159	1,156,421	(2,482,733)	(1,139,153)
FUND BALANCE - JULY 1, 2023	10,240,832	1,380,629	2,931,606	14,553,067
FUND BALANCE - JUNE 30, 2024	$ 10,427,991	$ 2,537,050	$ 448,873	$ 13,413,914

The accompanying notes are an integral part of these financial statements.

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

Total net change in fund balances - governmental funds	$ (1,139,153)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period. Depreciation Expense $(1,478,741) Capital Outlays 2,930,456	1,451,715
Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred tax revenues increased by this amount this year.	148,669
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Activities.	1,190,000
Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension related benefits earned net of employee contributions is reported as pension expense.	
District pension contributions	4,146,851
Cost of pension benefits earned, net of employee contributions	(4,140,205)
OTHER - (explain)	
Accrued compensated absences are not recorded as expenditures in the governmental funds but are in the statement of activities.	8,806
Interest on serial bonds is recorded in the governmental funds when paid, but the statement of activities records interest expense as it is incurred.	99,586
Bond Proceeds are recorded as revenue in governmental funds, but not recorded on the statement of activities as revenue	9,976,261
Right to use leased assets capital outlay expenditures which were capitalized	332,643
Accumulated amortization	(332,643)
Bond Premium/Discount Amortization recorded on the Statement of Activities but not recorded in governmental funds	35,600
OPEB expense recorded on the Statement of Activities, not recorded on governmental funds	46,408
Bond Refunding recorded as expenditure in governmental funds, not recorded on Statement of Net Assets as expenditurerevenue	(10,235,004)
Change in net position of governmental activities	$ 1,589,534

The accompanying notes are an integral part of these financial statements.

UPPER ADAMS SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES, BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Final Budget Positive
	Original	Final	(Budgetary Basis)	(Negative)
REVENUES				
Local Sources:				
Real Estate Taxes and Penalties	$ 12,937,871	$ 12,937,871	$ 12,961,206	$ 23,335
Other Taxes	3,287,886	3,287,886	3,787,409	499,523
Interest	60,000	60,000	477,053	417,053
Revenue Received from Other LEAS	312,436	312,436	409,497	97,061
Tuition	343,624	343,624	465,090	121,466
Other Revenue	286,950	286,950	335,432	48,482
Total Local Sources	17,228,767	17,228,767	18,435,687	1,206,920
State Program Revenues	15,123,734	15,123,734	16,117,283	993,549
Federal Program Revenues	750,240	750,240	762,148	11,908
TOTAL REVENUES	33,102,741	33,102,741	35,315,118	2,212,377
EXPENDITURES				
Current:				
Regular Programs	14,361,403	14,361,403	14,166,047	195,356
Special Programs	5,453,693	5,453,693	5,596,524	(142,831)
Vocational Programs	930,612	930,612	937,861	(7,249)
Other Instructional Programs	147,940	147,940	137,872	10,068
Non Public School Programs	0	0	0	0
Support Services:				
Pre-Kindergarten	0	0	185,455	(185,455)
Pupil Personnel Services	947,742	947,742	889,801	57,941
Instructional Staff Services	1,911,799	1,911,799	1,762,001	149,798
Administrative Services	2,544,032	2,544,032	2,611,973	(67,941)
Pupil Health	437,658	437,658	436,922	736
Business Services	394,777	394,777	366,965	27,812
Operation & Maintenance of Plant Services	2,032,186	2,032,186	1,969,950	62,236
Student Transportation Services	1,986,730	1,986,730	1,390,454	596,276
Central & Other Support Services	110,876	110,876	108,251	2,625
Operation of Noninstructional Services:				
Student Activities	973,323	973,323	907,378	65,945
Community Services	0	0	0	0
Facilities Acquisition and Construction	0	0	0	0
Debt Service	2,238,021	2,238,021	2,572,746	(334,725)
Refund of Prior Year Receipts	0	0	0	0
TOTAL EXPENDITURES	34,470,792	34,470,792	34,040,200	430,592
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,368,051)	(1,368,051)	1,274,918	2,642,969
OTHER FINANCING SOURCES (USES)				
Refund of Prior Year Expenditures	0	0	234,761	234,761
Interfund Transfers	0	0	(1,500,000)	(1,500,000)
Refund of Prior Year Receipts	0	0	0	0
Proceeds from G.O. Bonds	0	0	10,153,741	10,153,741
Debt Service - Refunded Bond Issues	0	0	(9,976,261)	(9,976,261)
Sale/Compensation for Fixed Assets	0	0	0	0
Budgetary Reserve	0	0	0	(0)
TOTAL OTHER FINANCING SOURCES (USES)	0	0	(1,087,759)	(1,087,759)
Net change in fund balances	$ (1,368,051)	$ (1,368,051)	187,159	$ 1,555,210
FUND BALANCE - JULY 1, 2023			10,240,832	
FUND BALANCE - JUNE 30, 2024			$ 10,427,991	

The accompanying notes are an integral part of these financial statements.

UPPER ADAMS SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2024

	Food Service
ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 1,034,303
Due From Other Governments	0
Due from General Fund	35,885
Other Receivables	0
Other Current Assets	0
Inventories	42,132
Total Current Assets	1,112,320
Noncurrent Assets:	
Machinery & Equipment (Net of Accum. Depreciation)	228,922
Total Noncurrent Assets	228,922
TOTAL ASSETS	$ 1,341,242
LIABILITIES	
Current Liabilities:	
Accounts Payable	$ 62,419
Accrued Salaries and Benefits	0
Deferred Revenue	26,839
Due to Other Funds	20,000
Total Current Liabilities	109,258
Non-Current Liabilities:	
Compensated Absences	0
Total Non-Current Liabilities	0
TOTAL LIABILITIES	$ 109,258
NET POSITION	
Unrestricted	1,231,984
TOTAL NET POSITION	1,231,984
TOTAL LIABILITIES AND NET POSITION	$ 1,341,242

The accompanying notes are an integral part of these financial statements.

UPPER ADAMS SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
JUNE 30, 2024

	Food Service
OPERATING REVENUES:	
Food Service Revenue	$ 278,741
Other Operating Revenue	17,333
TOTAL OPERATING REVENUES	296,074
OPERATING EXPENSES:	
Salaries	0
Employee Benefits	0
Purchased Professional and Technical Service	37,480
Purchased Property Service	41,127
Other Purchased Service	484,734
Supplies	525,059
Depreciation	14,560
Dues and Fees	8,602
TOTAL OPERATING EXPENSES	1,111,562
OPERATING INCOME(LOSS)	(815,488)
NONOPERATING REVENUES (EXPENSES):	
Earnings on Investments	2,981
State Sources	130,335
Federal Sources	880,385
TOTAL NONOPERATING REV(EXP)	1,013,701
CHANGE IN NET POSITION	198,213
TOTAL NET POSITION - JULY 1, 2023	1,033,771
TOTAL NET POSITION - JUNE 30, 2024	$ 1,231,984

The accompanying notes are an integral part of these financial statements.

UPPER ADAMS SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
JUNE 30, 2024

	Food Service
Cash Flows From Operating Activities	
Cash Received from Users	$ 294,931
Cash Received from Other Operating Revenues	0
Cash Payments to Employees for Services	0
Cash Payments to Suppliers for Goods and Services	(1,104,742)
Cash Payments for Other Operating Expenses	0
Net Cash Provided by (Used for) Operating Activities	(809,811)
Cash Flows From Non-Capital Financing Activities	
State Sources	130,335
Federal Sources	880,385
Net Cash Provided by (Used for) Non-Capital Financing Activities	1,010,720
Cash Flows From Capital and Related Financing Activities	
Facilities Acquisition/Construction/Improvements	(137,528)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(137,528)
Cash Flows From Investing Activities	
Earnings on Investments	2,981
Net Cash Provided by (Used for) Investing Activities	2,981
Net Inc (Dec) in Cash and Cash Equivalents	66,362
Cash and Cash Equivalents Beginning of Year	967,941
Cash and Cash Equivalents at Year End	$ 1,034,303
Operating Income (Loss)	$ (815,488)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:	
Depreciation	14,560
Increase (Decrease) in Other Non-Current Liabilities	0
(Increase) Decrease in Other Receivables	0
(Increase) Decrease in Inventories	(34,289)
(Increase) Decrease in Advances to Other Funds	(13,513)
(Increase) Decrease in Other Current Assets	0
Increase (Decrease) in Advances from Other Funds	0
Increase (Decrease) in Accounts Payable	40,062
Increase (Decrease) in Deferred Revenue	(1,143)
Increase (Decrease) in Compensated Absences	
Total Adjustments	5,677
Net Cash Provided by (Used for) Activities	$ (809,811)

The accompanying notes are an integral part of these financial statements.

UPPER ADAMS SCHOOL DISTRICT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2024

	Private Purpose Trust	Agency
ASSETS		
Cash and Cash Equivalents	$ 0	$ 218,236
Investments	0	0
TOTAL ASSETS	0	218,236
LIABILITIES		
Accounts Payable	0	218,236
TOTAL LIABILITIES	0	218,236
NET POSITION		
Unrestricted	0	0
TOTAL LIABILITIES AND NET POSITION	$ 0	$ 218,236

The accompanying notes are an integral part of these financial statements.

UPPER ADAMS SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Private Purpose Trust Funds	Agency
ADDITIONS		
Gifts and Contributions	$ 0	$ 0
Interest	0	0
Receipts from Student Groups	0	240,545
	0	240,545
DEDUCTIONS		
Scholarships Awarded	0	0
Student Activity Disbursements	0	202,185
	0	202,185
CHANGE IN NET POSITION	0	38,360
NET POSITION - JULY 1, 2023	0	179,876
NET POSITION - JUNE 30, 2024	$ 0	$ 218,236

The accompanying notes are an integral part of these financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Upper Adams School District, Adams County, Pennsylvania operates a high school, a middle school, and three elementary schools.

The accounting policies of the Upper Adams School District conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments.* Certain of the significant changes in the Statement include the following:

A Management's Discussion and Analysis (MD & A) providing an analysis of the District's overall financial position and results of operations.

Financial statements prepared using full-accrual accounting for all of the District's activities.

A change in the fund financial statements to focus on the major funds.

These changes are reflected in the accompanying financial statements (including notes to financial statements). The District has implemented GASB Statement No. 34, *Basic Financial statements-and Management's Discussion and Analysis-for State and Local Governments* , for the year ended June 30, 2024.

A. REPORTING ENTITY

The Upper Adams School District Board of Directors is the basic level of government which has oversight responsibility and control over all activities related to public school education in the Upper Adams School District. The District receives funding from local, state and federal government sources and must comply with their accompanying requirements. However, the Board is not included in any other governmental "reporting entity" as defined by the GASB Pronouncement, since Board members are elected by the public and have decision-making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined in Governmental Accounting Standards Board Statement No. 14 which are included in the District's reporting entity.

The reporting entity for Upper Adams School District consists only of those funds, functions and activities controlled by the School Board and required or allowed by State laws and regulations.

The financial statements of the School District include all funds and activities that are controlled by or dependent on the School District. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of advisors.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. FUND ACCOUNTING

The accounts of the Upper Adams School District are organized on the basis of funds and account groups, 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 that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report as follows:

GOVERNMENTAL FUNDS

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

SPECIAL REVENUE FUNDS - Special Revenue Funds are used to account for the proceeds of special revenue sources that are legally restricted to expenditures for specific purposes.

CAPITAL PROJECT FUNDS - Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. The Capital Reserve Fund is also a classified in this category.

PROPRIETARY FUNDS

ENTERPRISE FUNDS - Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - when the intent of the governing body is that costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges. The Food Service Fund is a Modified Enterprise Fund because most food service funds in Pennsylvania's Public School System depend on support from the General Fund of the District as well as state and federal subsidization in order to operate.

FIDUCIARY FUNDS

TRUST & AGENCY FUNDS - Agency Funds are used to account for assets held by the District as an agent for school organizations or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Activities Fund is an Agency Fund. Nonexpendable Trusts are accounted for in essentially the same manner as proprietary funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BASIS OF PRESENTATION

Government-wide Financial Statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the school district. As a general rule the effect of interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support.

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

Fund Financial Statements are also provided in the report for all of the governmental funds, proprietary funds, and the fiduciary funds of the school district. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statement. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

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

The District reports the following major governmental funds:

The general fund is the district's primary operating fund. It accounts for all financial resources except those required to be in another fund.

The capital reserve fund accounts for transfers from other funds and related investment earnings for capital outlays not accounted for in another fund.

The capital project fund accounts for financial resources to be used for the acquisition or construction of major capital facilities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

E. INVENTORY

Inventory in the General Fund is recorded as an expenditure at the time of purchase.

Inventory in the Proprietary Fund is valued at cost, except government donated food which is priced at fair market value at date of receipt.

F. CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the proprietary fund type considers all highly liquid investments with a remaining maturity of three months or less when purchased to be cash equivalents.

G. RECEIVABLES AND PAYABLES

Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

H. PREPAID EXPENSES

In both government-wide and fund financial statements, prepaid expenses are recorded as assets in the specific governmental fund in which future benefits will be derived.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. CAPITAL ASSETS

Capital assets which include land, property, plant and equipment are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the school district as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year.

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

All capital assets except for land are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Assets:	Years
Buildings & Portable Classrooms	25 - 50
Building Improvements	15 - 30
Land Improvements	20
Machinery & Equipment	5 - 15
Vehicles	5 - 8
Furniture and Fixtures	10 - 20

Proprietary fund equipment purchases are capitalized in the proprietary fund at cost and depreciated on a straight-line basis over 5 to 25 years.

J. ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. Bonds are recognized as a liability on the fund financial statements when due.

K. NET POSITION

Net Position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for acquisition, construction or improvement of those assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. OTHER POST-EMPLOYMENT BENEFITS

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

The District also participates in a governmental cost sharing, multiple-employer other post-employment benefit plan (OPEB) with the Public School Employees' Retirement System (PSERS) for all eligible retirees who qualify and elect to participate. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of PSERS and additions to/deductions from PSERS' 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.

The balance of the District's OPEB liabilities and related deferred outflows/inflows of resources at June 30, 2024, are as follows:

	Governmental	Business-	Total
OPEB Liabilities			
School's Single Employer Plan	$ 1,278,191	$ -	$ 1,278,191
PSERS Cost Sharing Plan	1,435,000	-	1,435,000
Total	$ 2,713,191	$ -	$ 2,713,191
Deferred Outflows of Resources			
School's Single Employer Plan	$ 444,979	$ -	$ 444,979
PSERS Cost Sharing Plan	186,000	-	186,000
Total	$ 630,979	$ -	$ 630,979
Deferred Inflows of Resources			
School's Single Employer Plan	$ 924,416	$ -	$ 924,416
PSERS Cost Sharing Plan	297,000	-	297,000
Total	$ 1,221,416	$ -	$ 1,221,416

M. 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 expenses during the reporting period. Actual results could differ from those estimates.

N. NEW ACCOUNTING PRONOUNCEMENT ADOPTED:

GASB Statement No. 96, Lease Accounting - As of July 1. 2022, the School District adopted GASB Statement No. 96, Lease Accounting . This Statement increases the usefulness of governments' financial statements by requiring recognition of certain leased assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Obligations of (1) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (2) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (3) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law is pledged by the depository. The deposit and investment policy of the District adheres to state statutes.

There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the District.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk. As of June 30, 2024, $13,183,930 of the District's bank balance of $13,433,930 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	$	-
Collateralized with securities held by the pledging financial institution		-
Uninsured and collateral by held by the pledging bank's trust department not in the District's name		13,183,930
	$	13,183,930

Reconciliation to Financial Statements:

Uninsured Amount Above	$	13,183,930
Plus: Insured Amount		250,000
Plus: Deposits in Transit		0
Less: Outstanding Checks		(402,884)
Total Cash per Financial Statements	$	13,031,046

Cash Summary per Respective Funds:

Statement of Net Position - Cash - Governmental Funds	$	11,778,507
Statement of Net Position - Cash - Proprietary Funds		1,034,303
Statement of Net Position - Cash - Fiduciary Funds		218,236
Total Cash per Financial Statements	$	13,031,046

All of the District's interest and noninterest bearing demand accounts are insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC) or collateralized in accordance with Act 72.

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk - Cash and Cash Equivalents

The District holds deposit accounts at various financial institutions. The total deposits of $13,433,930 as of June 30, 2024 were invested in the various financial institutions as follows:

Financial Institution	Deposit Amount	Concentration Percentage
PA School District Liquid Asset Fund (PSDLAF)	$ 9,899,772	73.69%
ACNB Bank	3,534,158	26.31%
	$ 13,433,930	100.00%

Portfolio Assets

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.

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

INVESTMENTS:

Credit Risk - risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below are the actual ratings for each investment as of the end of the year:

	Ratings as of Year End	
Investment Type	Amount	S & Ps AAAm
PSDLAF	$ 0	$ 0
Total	$ 0	$ 0

Concentration of Credit Risk - risk of loss attributed to the magnitude of an entity's investment in a single issuer. Disclosure occurs by issuer and amount of investments in any one issuer that represent 5% or more of total investments for the entity:

Investment Type	Amount	Percentage
PSDLAF	$ 0	100.00%
Total	$ 0	100.00%

Interest Rate Risk - is the risk that changes in interest rates demanded by the market will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the entity's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Entity's investments by maturity:

NOTE 3 - DELINQUENT TAXES RECEIVABLE

This account represents unpaid real estate taxes from preceding years returned to the Tax Claims Bureau for collections, and certain interim taxes not yet collected. This account is offset by real estate tax revenues on the statement of activities for the government-wide financial statement presentation and offset by deferred revenues in the liability section of the balance sheet for the fund financial statement presentation.

NOTE 4 - GENERAL LONG-TERM DEBT

On October 24, 2017, Upper Adams School District issued General Obligation Bonds, Series of 2017, for the purpose of : (1) restructure and refinance the G.O. Bonds Series A of 2010, G.O. Notes Series of 2011 and G.O. Notes Series of 2012 and (2) paying costs of issuing the General Obligation Bonds Series of 2017.

Date of Issue	Final Maturity	Rate	Issue Amount
2017	February 1, 2029	0.950% - 2.625 %	$ 9,135,000

A summary of the maturity dates of the General Obligation Issue of 2017 is as follows:

Year	Amount	Year	Amount
2025	950,000	2027	1,220,000
2026	1,190,000	2028	1,245,000
		2029	1,280,000
TOTAL			$ 5,885,000

NOTE 4 - GENERAL LONG-TERM DEBT (CONTINUED)

On March 6, 2019, Upper Adams School District issued General Obligation Bonds, Series of 2019, for the purpose of : (1) provide financing for various capital projects and (2) paying costs of issuing the General Obligation Bonds Series of 2019.

Date of Issue	Final Maturity	Rate	Issue Amount
2019	February 1, 2041	1.80% - 5.00 %	$ 9,995,000

A summary of the maturity dates of the General Obligation Issue of 2019 is as follows:

Year	Amount
2030	295,000

On November 14, 2019, Upper Adams School District issued General Obligation Bonds, Series A of 2019, for the purpose of : (1) provide financing for various capital projects and (2) paying costs of issuing the General Obligation Bonds Series A of 2019.

Date of Issue	Final Maturity	Rate	Issue Amount
2019	February1, 2043	1.35% - 3.000 %	$14,375,000

A summary of the maturity dates of the General Obligation Issue of 2015A is as follows:

Year	Amount	Year	Amount
2025	20,000	2033	760,000
2026	20,000	2034	790,000
2027	20,000	2035	825,000
2028	20,000	2036	845,000
2029	20,000	2037	870,000
2030	675,000	2038	895,000
2031	700,000	2039	920,000
2032	730,000	2040	950,000
		2041	980,000
		2042	2,095,000
		2043	2,160,000
TOTAL			$14,295,000

NOTE 4 - GENERAL LONG-TERM DEBT (CONTINUED)

On April 4, 2024, Upper Adams School District issued General Obligation Bonds, Series of 2024, for the purpose of : (1) current refunding of a portion of G.O. Bonds Series of 2017, current refunding of a portion of the G.O. Bonds Series of 2019 and (2) paying costs of issuing the General Obligation Bonds Series of 2017.

Date of Issue	Final Maturity	Rate	Issue Amount
2024	February 1, 2041	3.00 to 4.00%	$ 9,995,000

A summary of the maturity dates of the General Obligation Issue of 2015A is as follows:

Year	Amount	Year	Amount
2026	20,000	2034	790,000
2027	20,000	2035	825,000
2028	25,000	2036	860,000
2029	25,000	2037	895,000
2030	380,000	2038	930,000
2031	705,000	2039	970,000
2032	740,000	2040	1,005,000
2033	760,000	2041	1,045,000
TOTAL			$ 9,995,000

During the fiscal year ended June 30, 2023, general long-term debt activity is summarized as follows:

Balance - July 1, 2023	$ 31,560,000
Note/Bond Proceeds - New Issues	9,995,000
Principal Repayments	(1,190,000)
Bond Refunding	(9,895,000)
Balance - June 30, 2024	$ 30,470,000
Interest Paid	$ 1,458,924

NOTE 5 - INTERNAL BALANCES AND INTERFUND TRANSFERS

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

Fund	Interfund Receivables	Interfund Payables
Governmental Funds		
General	$ 20,000	$ 1,535,885
Capital Reserve	1,500,000	
Proprietary Funds		
Food Service	35,885	20,000
Fiduciary Funds		
Agency		
	$ 1,555,885	$ 1,555,885

Operating Transfers between funds during the fiscal year ended June 30, 2024 are as follows:

Fund	Transfers In	Transfers Out
Governmental Funds		
General Fund		$ 1,500,000
Construction		
Capital Reserve Fund	$ 1,500,000	
	$ 1,500,000	$ 1,500,000

NOTE 6 - PROPERTY TAXES

Based upon assessed valuations provided by the County, the elected municipal tax collector bills and collects property taxes on behalf of the District. Property taxes are levied on July 1. Taxes are collected at a 2.00% discount until August 31st, at their face amount from September 1 until October 31, and include a 10.00% penalty thereafter. Adams County Tax Claim Bureau collects delinquent real estate taxes for the District.

The Districts tax rate for all purposes for the year ended June 30, 2024 was 15.6383 mills (15.6383 per $1,000 assessed valuation) as levied by the Board of School Directors. Refunds on prior-year taxes are classified as other debt-service items under the Commonwealth of Pa. accounting system. Current tax collections for the District were approximately 97.30% of the total tax levy.

NOTE 7 - FOOD SERVICE INVENTORIES

The composition of Food Service inventories at June 30, 2024 is as follows:

Materials and Supplies	$	8,144
Donated Food		7,841
Purchased Food		26,147
	$	42,132

NOTE 8 - ACCRUED SALARIES AND BENEFITS

Accrued Salaries and benefits at June 30, 2024 consist of the following:

	Amount	
Accrued Salaries	$	1,041,850
Retirement		353,025
Social Security		76,548
	$	1,471,423

Accrued salaries represent teacher salaries earned during the 2023-2024 school year which will be paid subsequent to June 30, 2024. Accrued retirement represents the Public School Employee's Retirement Board portion pertaining to accrued salaries at June 30, 2024. Accrued social security represents the District's liability arising from accrued salaries at June 30, 2024.

NOTE 9 - CHANGES IN CAPITAL ASSETS

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

Governmental Activities:

	Beginning Balance	Increases	Decreases	Ending Balances
Land	$ 668,416	$ 0	$ 0	$ 668,416
Site Improvements	3,006,334			3,006,334
Buildings & Improvements	59,849,629	0	0	59,849,629
Machinery & Equipment	4,788,175	0	0	4,788,175
Construction in Progress	1,164,333	2,930,456	0	4,094,789
Total Capital Assets	$ 69,476,887	$ 2,930,456	$ 0	$ 72,407,343

Accumulated Depreciation activity for the year ended June 30, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balances
Buildings & Improvements	$ 26,987,801	$ 1,214,187	$ 0	$ 28,201,988
Site Improvements	2,404,554	103,890		2,508,444
Machinery & Equipment	4,153,909	160,664	0	4,314,573
	$ 33,546,264	$ 1,478,741	$ 0	$ 35,025,005
Governmental Activities Capital Assets, Net	$ 35,930,623	$ 1,451,715	$ 0	$ 37,382,338

Allocation of Depreciation Expense on the Statement of Activities

Depreciation expense totaled $1,478,741 and is charged to each of the functions in the statement activities as follows:

Instruction	$ 987,963
Instructional Student Support	145,148
Support Services	145,075
Operation and Maintenance of Plant Services	92,573
Pupil Transportation	65,341
Student Activities	42,641
Total	$ 1,478,741

NOTE 9 - CHANGES IN CAPITAL ASSETS (CONTINUED)

Business-type Activities:
Capital Asset activity for the year ended June 30, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balances
Food Service Equipment	$ 540,030	$ 137,528	$ 0	$ 677,558

Accumulated Depreciation activity for the year ended June 30, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balances
Food Service Equipment	$ 434,076	$ 14,560	$ 0	$ 448,636
Business-type Activities Capital Assets, Net	$ 105,954	$ 122,968	$ 0	$ 228,922

NOTE 10 - ACCUMULATED COMPENSATED ABSENCES

It is the School District's policy to permit employees to accumulate a limited amount of earned but unused sick leave, which will be paid to employees upon separation from the School District's service. For the government-wide financial statement presentation, the amount, $333,790 of compensated absences is recorded as a liability on the statement of net position. In the fund financial statement presentation, the cost of sick leave is recognized when payments are made to employees.

NOTE 11 - CAPITAL LEASE OBLIGATIONS

The District has entered into lease agreements as lessee for financing the acquisition of energy-performance and computer equipment. Those lease agreements qualify as capital leases for accounting purposes and are recorded as such.

The present value of future minimum lease payments as of June 30, 2024 is as follows:

Years Ending June 30,	Amount
2024	0
Total minimum lease payments	0
Less:amount representing interest	0
Present amount of minimum lease payments	$ 0

NOTE - 12 - PENSION PLAN

1. Summary of Significant Accounting Policies

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.

General Information about the Pension Plan

Plan Description

PSERS is a governmental cost-sharing multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System included 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 publicly available financial report that can be obtained at www.psers.state.pa.us.

Benefits provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the members' 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 members' 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 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

NOTE -12 - PENSION PLAN (CONTINUED)

members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

Contributions

Member Contributions:

Active members who joined the System prior to July 22, 1983, contribute at 5.25% (Membership Class T - C) or at 6.5% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System on or after July 22, 1983, and who are active or inactive as of July 1, 2001, contribute at 6.25% (Membership Class T-C) or at 7.5% (Membership Class T-D) of the member's qualifying compensation.

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

Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the members qualifying compensation. All new hires after June 30, 2011, who elect Class T - F membership, contribute at 10.3% (base rate) of the members qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5% and 9,5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

Members who joined the System on or after July 1, 2019, contribute according to Membership Class T-G - 5.50% base rate with shared risk provision and 2.75% direct contribution rate, T-H - 4.50% base rate with shared risk provision and 3.00% direct contribution rate. Code DC has only a direct contribution rate of 7.50%.

Employer Contributions:

The school districts' contractually required contribution rate for fiscal year ended June 30, 2024 was 33.09% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were $4,146,851 for the year ended June 30, 2024.

2. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions

At June 30, 2024 the School reported a liability of $35,367,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2022 to June 30, 2023. The School's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it related to the total one-year reported covered payroll. At June 30, 2024, the School's proportion was .0795%, which was a decrease of .0027 from its proportion measured as of June 30, 2023 which was .0768%.

NOTE -12 - PENSION PLAN (CONTINUED)

For the year ended June 30, 2024, the District recognized pension expense of $3,609,000. At June 30, 2024 the School 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
Difference between expected and actual experience	8,000	484,000
Net difference between projected and actual investment earnings	1,001,000	
Changes in proportions	896,000	93,000
Changes in assumptions	528,000	
Difference between employer contributions and proportionate share of total contributions	(18,312)	
Contributions subsequent to the measurement date	4,146,851	
	6,561,539	577,000

$4,146,851 reported as deferred outflows of resources related to pensions resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2025	591,000
2026	(431,000)
2027	1,361,000
2028	334,000

Actuarial assumptions

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

Changes in assumptions used in measurement of the Total Pension Liability beginning June 30, 2023.

The Investment Rate of Return was 7.00%, includes inflation of 2.50%.
Salary growth changed from an effective average of 4.50%, which comprised of inflation of 2.50%, and 2.00% for real wage growth and for merit or seniority increases.

NOTE -12 - PENSION PLAN (CONTINUED)

Demographic and economic assumptions approved by the Board for use effective with the June 30, 2023 actuarial valuation:

- Salary growth rate - decreased from 5.00% to 4.50%.
- Real wage growth and merit or seniority increases (components for salary growth) - decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
- Mortality rates - Previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are 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 Scales.

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

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

The pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the 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	30.0%	5.2%
Fixed Income	33.0%	3.2%
Commodities	7.5%	2.7%
Absolute return	4.0%	4.1%
Infrastructure/MLPs	10.0%	5.4%
Real estate	11.0%	5.7%
Cash	3.0%	1.2%
Private equity	12.0%	7.9%
Financing Leverage	-10.5%	1.2%
	100%	

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

Sensitivity of the School's Proportionate share of the net pension liability to changes in the discount rate

The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage

NOTE - 12 - PENSION PLAN (CONTINUED)

Discount rate

The discount rate used to measure 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 School's Proportionate share of the net pension liability to changes in the discount rate

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
School's proportionate share of the net pension liability	45,845,000	35,367,000	26,526,000

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.state.pa.us.

NOTE 13 - EARNED INCOME TAX

The York County Earned Income Tax Bureau is audited by other independent auditors. Our examination was limited to tracing general ledger receipts to bank deposits.

NOTE 14 - BUDGET

The School follows these procedures in establishing the budgetary data reflected in the financial statements.

(a) Formal budgetary integration is employed as a management control device during the year for the general fund. This budget is adopted on a basis consistent with generally accepted accounting principles (GAAP).

(b) The Board of Directors approves the total budget appropriations and authorizes budget transfers. The level of budgetary responsibility is by total appropriation.

(c) The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

(d) Unexpended appropriations at year-end lapse.

NOTE 15 - CONTINGENCIES

The District is from time to time subject to routine litigation incidental to School District activities.

NOTE 16 - OTHER INFORMATION

Lincoln Benefit Trust

The School District is a member of Lincoln Benefit Trust. The trust is a claims servicing pool which pays claims for hospital benefits, medical coverage for physicians' services, certain dental coverage, major medical coverage, and certain other benefits submitted by employees of the seventeen participating School Districts. Each participating employer contributes to the trust amounts determined by actuarial principles which will be adequate to cover annual claim costs, operating costs, and reserves sufficient to provide stated benefits.

Because Lincoln Benefit Trust acts as a claim-servicing pool, the School District remains responsible for the economic risk of providing stated benefits to employees. However, claims incurred between $50,000 and $150,000 are paid from the Trust minipool. Claims incurred for $150,000 to $2,000,000 are paid from a stop loss insurance policy purchased by the Trust.

Under provisions of GASB No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, the School District must record a liability for claims when the loss is probable, it can be reasonably estimated, and it exceeds cumulative contributions. The contingent liability, if any, cannot be fully determinable until such time that the School District withdraws from the trust. As of June 30, 2024, a liability is not required because the School District's cumulative contributions to the Trust exceed the accrued and incurred claims.

Changes in net assets for the School District's account were as follows for the year ended:

	June 30, 2024
Net position - July 1, 2023	$ 3,413,635
Contributions and interest income	2,957,294
Claims paid	(3,033,002)
Stop-loss insurance	(341,078)
PA trust insurance premium	(179,531)
PA trust reimbursement	116,432
PA trust experience refund	22,325
Stop-loss experience refund	201,639
Other deductions	(18,521)
Administrative fees	(144,965)
Net position - June 30, 2024	$ 2,994,228

Overall, the Lincoln Benefit Trust had net assets of $72,367,489 at July 1, 2023 and $69,231,490 at June 30, 2024, which resulted in a decrease in net assets of $3,135,999 financial Statements for Lincoln Benefit Trust are available at the school district.

NOTE 17 - POSTEMPLOYMENT BENEFITS PLAN

The Upper Adams School District Single Employer Postemployment Benefits plan is administered by Lincoln Benefit Trust. This Trust is a cost-sharing multiple-employer plan which issues its own financial report.

Summary of Plan Provisions:

Group	Eligibility	Coverage and Premium Sharing	Duration
I. Administrators Former Superintendent	N/A already retired	Coverage: Medical, Prescription Drug, Dental and Vision Premium Sharing: Member may elect medical, prescription drug. Dental and vision coverage by contributing 50% of the premiums. Spouse may also elect dental and vision coverage by contributing 50% of the premiums. Dependents: Spouses included	Coverage ends at Medicare age. Spousal coverage ends at Medicare age, regardless of Member age.
All Other Administrators	Early or normal retirement through PSERS with the final 5 years of service with UASD and at least age 50, or Act 110/43	Coverage: Medical, Prescription Drug, Dental and Vision Premium Sharing: If the member retires through PSERS and the member's final 5 years are with UASD, the district will pay a percentage of the single medical, prescription drug, dental, and vision premiums based on the chart below. The spouse may elect coverage by paying the full premiums. 5-10 years of District service=35% District pays 10-15 years of District service=40% District pays 15-20 years of District service=45% District pays 20-25 years of District service=50% District pays 25-30 years of District service=55% District pays 30-35 years of District service=60% District pays 35 or more years of District service=65% District pays Note: Members have the option of converting unused sick leave to an additional percentage of District paid benefits upon retirement. Upon the death of a retiree, the spouse is eligible to receive the retiree's share of payments that the retiree would have received until the retiree would have reached Medicare age. If the member is not eligible for the subsidized benefit but is eligible for Act 110/43, the member and spouse may elect medical, prescription drug and dental coverage by paying full premiums. Dependents: Spouses included Special contract: One retiree is contributing 48% of the premium coverage until Medicare age.	Coverage ends at Medicare age. Spousal coverage ends at Medicare age, regardless of Member age.

NOTE 17 - POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

Summary of Plan Provisions: **Single Employer Benefit Plan**

Group	Eligibility	Coverage and Premium Sharing	Duration
II. Teachers	Early retirement through PSERS with the final 20 years of service with UASD at least age 55, or Act 110/43	Coverage: Medical, Prescription Drug, Dental and Vision Premium Sharing: The member and spouse may elect medical, prescription drug, and dental coverage by paying the full premiums. Dependents: Spouses included Grandfathered retirees: For those who retired before 6/30/2012 at least age 55 with the final 15 years of service with UASD, the district pays 40% of the single medical and prescription drug premiums. Subsidized coverage ceases upon Medicare age.	Coverage ends at Medicare age. Spousal coverage ends at Medicare age, regardless of Member age.
III. Support Staff	Act 110/43	Coverage: Medical, Prescription Drug, Dental and Vision Premium Sharing: The member and spouse may elect medical, prescription drug, and dental coverage by paying the full premiums. Dependents: Spouses included Grandfathered retirees: For those who retired before 6/30/2012 at least age 55 with the final 15 years of service with UASD, the district pays 40% of the single medical and prescription drug premiums. Subsidized coverage ceases upon Medicare age.	Coverage ends at Medicare age. Spousal coverage ends at Medicare age, regardless of Member age.

NOTE 17 - POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

Actuarial Assumptions and Methods **Single Employer Benefit Plan**

Interest Rate

4.13%

Salary

An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of a 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%.

Withdrawal

Rates of withdrawal vary by age, gender and years of service. Sample rates for employees with more than 10 years of service are shown below. Rates for new employees start at 25.93% for men and 27.46% for women and decrease with age and service.

Age	Male Rate	Female Rate	Age	Male Rate	Female Rate
25	4.5500%	3.9000%	45	1.4100%	1.6000%
30	4.5500%	3.9000%	50	1.8900%	2.0800%
35	1.6800%	2.8300%	55	3.6300%	3.6600%
40	1.4200%	1.6700%	60	5.4900%	5.94000%

Mortality

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

Disability

No disability was assumed.

Retirement

Assumed retirement rates are based on PSERS plan experience and vary by age, service and gender.

Special Early Retirement			TC & TD Superannuation		TE,TF,TG & TH Superannuation	
Age	Male	Female	Male	Female	Male	Female
55	14.5%	14.5%	25.0%	16.0%	16.3%	19.5%
56	14.5%	14.5%	25.0%	20.0%	16.3%	19.5%
57	14.5%	15.0%	28.0%	28.0%	16.3%	19.5%
58	14.5%	15.0%	28.0%	30.0%	16.3%	19.5%
59	21.6%	20.7%	28.0%	30.0%	16.3%	19.5%
60	14.5%	15.0%	29.0%	31.0%	16.3%	19.5%
61	29.0%	29.0%	29.0%	31.0%	16.3%	19.5%
62	29.0%	29.0%	36.0%	31.0%	16.3%	19.5%
63	29.0%	29.0%	21.0%	20.0%	16.3%	19.5%

NOTE 17 - POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

Single Employer Benefit Plan

Special Early Retirement			TC & TD Superannuation		TE,TF,TG & TH Superannuation	
Age	Male	Female	Male	Female	Male	Female
64	29.0%	29.0%	22.0%	25.0%	16.3%	19.5%
65	29.0%	29.0%	23.0%	28.0%	16.3%	19.5%
66	29.0%	29.0%	23.0%	27.0%	16.3%	19.5%
67	29.0%	29.0%	20.0%	23.0%	16.3%	19.5%
68	29.0%	29.0%	20.0%	22.0%	16.3%	19.5%
69	29.0%	29.0%	20.0%	23.0%	16.3%	19.5%
70	29.0%	29.0%	20.0%	23.0%	16.3%	19.5%
71-73	29.0%	29.0%	20.0%	20.0%	16.3%	19.5%
74-79	29.0%	29.0%	25.0%	25.0%	16.3%	19.5%
80+	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Percent of Eligible retirees Electing Coverage in Plan

100% of Administrators eligible for enhanced benefits, 65% of Administrators not eligible for enhanced benefits and Teachers, and 25% of the Support Staff are assumed to elect coverage.

Percent married at Retirement

50% of employees are assumed to be married and have a spouse covered by the plan at retirement. Non-spouse dependents are deemed to be immaterial.

Spouse Age

Wives are assumed to be two years younger than their husbands.

Per Capita Claims Cost

The per capita claims cost for medical and prescription drug is based on the expected portion of the group's overall cost attributed to individuals in the specified age and gender brackets. Dental costs are assumed to not vary with age or gender. The resulting costs are as follows:

	Medical and Rx Combined	
Age	Males	Females
45-49	$ 7,264	$ 10,491
50-54	9,621	11,857
55-59	11,718	12,407
60-64	15,291	14,252

Retiree Contributions

Retiree Contributions are assumed to increase the same rate as the Health Care Cost Trend Rate.

Health Care Cost Trend Rate

7.0% in 2023 with .5% decrease per year until 5.5% in 2026. Rates gradually decrease from 5.4% in 2027 to 4.1% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

NOTE 17 - POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

Actuarial Value of Assets **Single Employer Benefit Plan**

Equal to the Market Value of Assets

Actuarial Cost Method - Entry Age Normal

Under the Entry Age Normal Cost Method, the Normal Cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The Accrued Liability as of the valuation date is the excess of the present value of future benefits over the present value of future Normal Cost. The Unfunded Accrued Liability is the excess of the Accrued Liability over the Actuarial Value of assets. Actuarial gains and losses serve to reduce or increase the Unfunded Accrued Liability.

Plan Participant Information

Active Participants	177
Vested Former Members	11
Retired Participants	7
Total	195

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

Funding Policy

The District's contributions are funded on a pay-as-you go basis.

OPEB Liability

The District's change in its OPEB liability for the year ended June 30, 2024 was as follows

Balances as of July 1, 2023	$1,212,366
Differences between expected and actual experience	0
Service cost	64,115
Interest on total OPEB liability	50,326
Benefit payments	(68,167)
Changes of assumptions	19,551
Net Charges	65,825
Balances as of June 30, 2024	$1,278,191

NOTE 17 - OTHER POST EMPLOYMENT BENEFITS (OPEB) continued

Single Employer Benefit Plan

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	219,683	565,860
Net difference between projected and actual investment earnings		
Changes in proportions		
Changes in assumptions	169,595	358,556
Benefit payments subsequent to the Measurement Date	55,701	
	444,979	924,416

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	
2025	(60,148)
2026	(60,148)
2027	(60,148)
2028	(60,148)
2029	(60,148)
Thereafter	(234,402)

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

The following presents the OPEB liability for June 30, 2024, calculated using current healthcare cost trends as well as what OPEB liability would be if health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Trend Rate	1% Increase
OPEB liability	1,139,949	1,278,191	1,439,257

Sensitivity of the OPEB Liability to Changes in the Discount Rate

The following presents the OPEB liability for June 30, 2024, calculated using the discount rate of 4.13%, as well as what OPEB liability would be if the discount rate were 1-percentage point lower(3.13%) or 1-percentage point higher(5.13%) than the current rate:

	1% Decrease 3.13%	Current Discount Rate 4.13%	1% increase 5.13%
OPEB liability	1,369,816	1,278,191	1,191,093

NOTE 17 - OTHER POST EMPLOYMENT BENEFITS (OPEB) continued

COST SHARING MULTIPLE- EMPLOYER DEFINED BENEFIT OPEB PLAN

1. Summary of Significant Accounting Policies

Other Postemployment Benefits

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the 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 are recognized when due and payable in accordance with the benefit term. Investments are reported at fair value.

General Information about the Health Insurance Premium Assistance Program

Health Insurance Premium Assistance Program

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

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

Have 24 1/2 or more years of service or
Are a disability retiree, or
Have 15 or more years of service and retired after reaching superannuation age, and
Participate in the HOP or employer-sponsored health insurance program.

Plan Description

PSERS is a governmental cost-sharing multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System included 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 publicly available financial report that can be obtained at www.psers.state.pa.us.

NOTE 17 - OTHER POST EMPLOYMENT BENEFITS (OPEB) continued

Benefits Provided

Participating eligible retirees are entitle 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, 2023 there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions:

The school districts' contractually required contribution rate for the fiscal year ended June 30, 2024 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 $0 for the year ended June 30, 2024.

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

At June 30, 2024, the District reported a liability of $1,435,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, 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, 2022 to June 30, 2023. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it related to the total one-year reported covered payroll. At June 30, 2024, the District's proportion was .0793 percent, which was a decrease of .0027 from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the District recognized OPEB expense of $46,000. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	9,000	14,000
Net difference between projected and actual investment earnings	3,000	
Changes in proportions	50,000	12,000
Changes in assumptions	124,000	271,000
	186,000	297,000

NOTE 17 - OTHER POST EMPLOYMENT BENEFITS (OPEB) continued

$ 0 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 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 ended June 30:	
2025	(23,000)
2026	(25,000)
2027	(31,000)
2028	(38,000)
2029	7,000
Thereafter	-

3. Actuarial Assumptions

The Total OPEB Liability as of June 30, 2023, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2022 to June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method - Entry Age Normal - level % of pay.
Investment return - 4.13% - S & P 20 Year Municipal Bond Rate
Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
Premium Assistance reimbursement is capped at $1,200 per year.
Assumed Healthcare cost trends were applied to retirees with less that $1,200 in premium assistance per year.
Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Mortality Tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Mortality Improvement Scale.

Participation rate:
Eligible retirees will elect to participate Pre age 65 at 50%
Eligible retirees will elect to participate Post age 65 at 70%

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

The following assumptions were used to determine the contribution rate:

The results of the actuarial valuation as of June 30, 2021 determined the employer contribution rate for fiscal year 2023.
Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
Asset Valuation method: Market Value
Participation rate:63% of eligible retirees are assumed to elect premium assistance.
Mortality Tables for males and females, adjusted to reflect PSERS experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

NOTE 17 - OTHER POST EMPLOYMENT BENEFITS (OPEB) continued

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.

OPEB - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	100.0%	1.02%

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

Discount Rate

The discount rate used to measure the Total OPEB Liability was 4.13%. 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, OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefits payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 4.13% which represents the S & P 20 year Municipal Bond Rate at June 30, 2023, was applied to all projected benefit payments to measure the total OPEB liability.

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

Healthcare cost trends were applied to retirees receiving less than $1,200 in annual Premium Assistance. As of June 30, 2023, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of $1,200. As of June 30, 2023, 92,677 retirees were receiving the maximum amount allowed of $1,200 per year. As of June 30, 2023, 522 members were receiving less than the maximum amount allowed of $1,200 per year. The actual number of retirees receiving less than the $1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

NOTE 17 - OTHER POST EMPLOYMENT BENEFITS (OPEB) continued

Sensitivity of the District's Proportionate share of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability, calculated using the discount rate of 4.09%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.09%) or 1-percentage-point higher (5.09%) than the current rate:

	1% Decrease 3.09%	Current Discount Rate 4.09%	1% Increase 5.09%
School's proportionate share of the net pension liability	1,622,000	1,435,000	1,278,000

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.state.pa.us.

NOTE 18 - GASB # 54 FUND BALANCE IMPLEMENTATION

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the District classifies governmental fund balances as follows:

Non-spendable - include fund balance amounts of $2,994,228 that cannot be spent either because it not in spendable form or because of legal or contractual constraints.

Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation. The amount of $2,985,923 for capital projects is restricted.

Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year end. The Capital Reserve Fund is included here.

Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Business Manager. The following have been assigned:

Debt	$ 1,213,864
PSERS Cost Increases	231,000
Cumberland Perry Renovation	787,406
Technology	2,100,000
Healthcare Costs	350,000
Total Designated Fund Balances	$ 4,682,270

Unassigned includes positive fund balance within the general fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds. The amount of the unassigned fund balance for Upper Adams School District is $2,751,493 for the year ending June 30, 2024.

NOTE 19 - SUBSEQUENT EVENTS

Management of the School District has evaluated subsequent events through the date of the audit report. No subsequent events were noted.

NOTE - LEASE OBLIGATIONS - RIGHT TO USE ASSETS:

Upper Adams School District has recorded leased assets as a result of implementing GASB # 87. The right to use assets are initially measured at an amount equal to the measurement of the related lease liability as of July 1, 2021.

Upper Adams School District entered into a lease agreement on June 23, 2020 for Computer Hardware. The lease requires yearly payments of $45,769.01. The lease was recorded by the District in the financial statements as a right to use asset with a net book value of $0.

Upper Adams School District entered into a lease agreement on April 22, 2021 for Computer Hardware. The lease requires yearly payments of $243,736.44. The lease was recorded by the District in the financial statements as a right to use asset with a net book value of $242,789.56.

Right to Use Lease Asset Activity Charts:

	Beginning Balance	Lease Additions	Amortization	Ending Balances
Computer Hardware - 500-50105271	44,915		44,915	-
Computer Hardware - 500-50228625	484,636		241,846	242,790
	529,551	-	286,761	242,790

Future Minimum Payments:

Year ending June 30	Principal Payments
2025	242,790
	242,790

Upper Adams School District has recorded subscription assets as a result of implementing GASB # 96. The right to use assets are initially measured at an amount equal to the measurement of the related lease liability as of July 1, 2022.

Upper Adams School District entered into a subscription agreement for Moby Max Software which expires on 6/30/25. The remaining contract left on the subscription is at 6/30/24 is $2,666.

Upper Adams School District entered into a subscription agreement for Amplified Software which expires on 6/30/25. The remaining contract left on the subscription is at 6/30/24 is $3,795.

Upper Adams School District entered into a subscription agreement for Math in Focus Software which expires on 6/30/27. The remaining contract left on the subscription is at 6/30/24 is $77,864.

Upper Adams School District entered into a subscription agreement for Wonders Software which expires on 6/30/27. The remaining contract left on the subscription is at 6/30/24 is $40,396.

Right to Use Lease Asset Activity Charts:

	Beginning Balance	Lease Additions	Amortization	Ending Balances
Moby Max Software	5,333	0	2,667	2,666
Amplified Software	7,590	0	3,795	3,795
Math in Focus Software	103,818	0	25,954	77,864
Wonders Software	53,861	0	13,465	40,396
	170,602	0	45,881	124,721

Future Minimum Payments:

Year ending June 30	Principal Payments
2025	45,881
2026	39,420
2027	39,420
	124,721

UPPER ADAMS SCHOOL DISTRICT

SUPPLEMENTAL

INFORMATION

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

Board of Directors
Upper Adams School District
Biglerville, Pennsylvania

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information on pages 62 through 76 is presented for purposes of additional analysis and is not a required part of the basic general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Kochenour, Earnest, Smyser, & Burg

Certified Public Accountants

York, Pennsylvania
December 13, 2024

UPPER ADAMS SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
YEAR ENDED JUNE 30, 2024

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability (asset)	7.9500%	7.6800%	0.0771%	0.0773%	0.0768%	0.0769%	0.7820%	0.0783%	0.0840%	0.0861%
District proportionate share of the net pension liability (asset)	35,367,000	34,144,000	31,655,000	38,062,000	35,929,000	36,916,000	38,622,000	38,803,000	36,385,000	34,079,000
District's covered-employee payroll	12,141,721	11,265,428	10,904,329	10,829,695	10,590,262	10,355,668	10,417,308	10,135,695	10,810,045	10,981,061
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	291.28%	303.09%	290.30%	351.46%	339.26%	356.48%	370.75%	382.84%	336.59%	310.34%
Plan fiduciary net position as a percentage of the total pension liability	61.85%	63.67%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

* This schedule is presented to illustrate the requirement to show information for 10 years.
However, until a full 10-year trend is complete, available information is presented.

UPPER ADAMS SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SCHEDULE OF DISTRICT CONTRIBUTIONS PENSION PLAN
YEAR ENDED JUNE 30, 2024

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	4,165,163	3,826,881	3,664,186	3,612,818	3,439,285	3,462,017	3,285,417	3,047,731	2,579,839	2,169,789
Contributions in relation to the contractually required contribution	4,165,163	3,826,881	3,664,186	3,612,818	3,439,285	3,462,017	3,285,417	3,047,731	2,579,839	2,169,789
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	12,141,721	11,265,428	10,904,329	10,829,695	10,590,262	10,355,668	10,417,308	10,135,695	10,810,045	10,981,061
Contributions as a percentage of covered-employee payroll	34.30%	33.97%	33.60%	33.36%	32.48%	33.43%	31.54%	30.07%	23.87%	19.76%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complete, available information is presented.

UPPER ADAMS SCHOOL DISTRICT
SCHEDULE OF CHANGES IN OPEB LIABILITY - SINGLE EMPLOYER PLAN
YEAR ENDED JUNE 30, 2024

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service cost	$ 64,115	$ 145,965	$ 148,103	$ 84,202	$ 85,069	$ 97,341	$ 93,725
Interest on total OPEB liability	50,326	47,887	37,618	45,012	38,236	45,088	32,960
Benefit payments	(68,167)	(60,467)	(37,827)	(31,063)	(33,332)	(64,671)	(67,446)
Differences between expected and actual experience	0	(575,982)	-	329,523	-	(189,204)	-
Changes in assumptions	19,551	(332,145)	(55,671)	194,946	(33,779)	(50,687)	52,456
Net change in total OPEB liability	65,825	(774,742)	92,223	622,620	56,194	(162,133)	111,695
Total OPEB Liability, Beginning	1,212,366	1,987,108	1,894,885	1,272,265	1,216,071	1,378,204	1,266,509
Total OPEB Liability, Ending	$ 1,278,191	$ 1,212,366	$ 1,987,108	$ 1,894,885	$ 1,272,265	$ 1,216,071	$ 1,378,204
Covered Employee Payroll	$ 10,848,126	$ 10,848,126	$10,740,093	$10,740,093	$10,350,738	$ 10,350,738	$ 10,309,312
Total OPEB Liability as a percent of covered employee payroll	11.78%	11.18%	18.50%	17.64%	12.29%	11.75%	13.37%

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.

UPPER ADAMS SCHOOL DISTRICT
SCHEDULE OF SCHOOL'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - PSERS COST SHARING PLAN
YEAR ENDED JUNE 30, 2024

	2024	2023	2022	2021	2020	2019	2018
School's proportion of the net OPEB liability	7.9300%	7.6600%	0.0773%	0.0773%	0.0768%	0.0769%	0.7820%
School's proportionate share of the net OPEB liability	$ 1,435,000	$ 1,410,000	$ 1,823,000	$ 1,668,000	$ 1,633,000	$ 1,603,000	$ 1,593,000
School's covered-employee payroll	$12,141,721	$ 11,265,428	$ 10,904,329	$ 10,829,695	$ 10,590,262	$ 10,355,668	$ 10,417,308
School's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	11.82%	12.52%	16.72%	15.40%	15.42%	15.48%	15.29%
Plan fiduciary net position as a percentage of the total OPEB liability	7.22%	5.30%	5.30%	5.69%	5.56%	5.56%	5.73%

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.

UPPER ADAMS SCHOOL DISTRICT
SCHEDULE OF SCHOOL'S OPEB CONTRIBUTIONS -
PSERS COST SHARING PLAN
YEAR ENDED JUNE 30, 2024

	2024	2023	2022	2021	2020	2019	2018
Contractually required contribution	$ 91,000	$ 89,000	$ 90,000	$ 91,000	$ 88,000	$ 88,143	$ 85,914
Contributions in relation to the contractually required contributio	(91,000)	(89,000)	(90,000)	(91,000)	(88,000)	(88,143)	(85,914)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School's covered-employee payroll	$12,141,721	$ 11,265,428	$10,904,329	$10,829,695	$10,590,262	$10,355,668	$10,417,308
Contributions as a percentage of covered-employee payroll	0.75%	0.79%	0.83%	0.84%	0.83%	0.85%	0.82%

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.

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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

To the Board of Directors
Upper Adams School District
Biglerville, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Upper Adams School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated December 13, 2024.

Report on Internal Control over Financial Reporting

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

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

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

To the Board of Directors
Upper Adams School District
Biglerville, Pennsylvania

Report on Compliance and Other Matters

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

Purpose of this Report

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

Kochenour, Earnest, Smyser & Burg

Certified Public Accountants

York, Pennsylvania
December 13, 2024

UPPER ADAMS SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FOOD NUTRITION SERVICE
YEAR ENDED JUNE 30, 2024

GRANTOR PROGRAM TITLE U.S. DEPARTMENT OF EDUCATION PASSED THROUGH PA. DEPT. OF EDUCATION		Source Code	Federal CFDA Number	Pass Through Grantor's Number	Grant Period Beginning Date	 Ending Date	Program Amount	Total Received for Year	Accrued or (Deferred) Revenue at July 1, 2023	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue at June 30, 2024
Title I Improv Basic Programs	8514	I	84.010	013-240477	7/1/2023	9/30/2024	317,261	272,759	0	295,010	295,010	22,251
Title I Improv Basic Programs c/o	8514	I	84.010	013-230447	7/1/2022	9/30/2023	281,454	37,525	37,521	4	4	0
Sub-Total Title I								310,284	37,521	295,014	295,014	22,251
Title II Improv Teacher Qual	8515	I	84.367	020-240447	7/1/2023	9/30/2024	48,593	44,780	0	44,780	44,780	0
Title II Improv Teacher Qual c/o	8515	I	84.367	020-230447	7/1/2022	9/30/2023	44,337	0	(859)	859	859	0
Sub-total Title II								44,780	(859)	45,639	45,639	0
Title III Student Support & Academic EN	8516	I	84.365	010-240447	7/1/2023	9/30/2024	38,064	32,988	0	35,526	35,526	2,538
Title III Student Support & Academic EN	8516	I	84.365	010-230447	7/1/2022	9/30/2023	42,958	7,025	4,431	2,594	2,594	0
Sub-Total Title III								40,013	4,431	38,120	38,120	2,538
Title IV Student Support & Acad. Enrich	8517	I	84.424	144-220447	7/1/2023	9/30/2024	22,033	22,033	-	22,033	22,033	-
Title IV Student Support & Acad. Enrich	8517	I	84.424	144-230447	7/1/2022	9/30/2023	21,326	9,592	8,530	1,062	1,062	-
Sub-Total Title IV								31,625	8,530	23,095	23,095	-
CARES Act -ESSER Fund Local	8743	I	84.425	200-219447	7/1/2021	9/30/2024	851,366	98,996	72,100	26,896	26,896	-
ARP ESSER	8744	I	84.425	223-210447	7/1/2021	9/30/2024	1,722,068	876,689	594,307	282,382	282,382	-
ARP ESSER 7%	8751	I	84.425	225-210447	7/1/2021	9/30/2024	95,602	48,670	12,179	36,491	36,491	-
ARP ESSER 7%	8752	I	84.425	225-210447	7/1/2021	9/30/2024	19,120	9,734	(2,100)	1,110	1,110	(10,724)
ARP ESSER 7%	8753	I	84.425	225-210447	7/1/2021	9/30/2024	19,120	9,734	(2,433)	12,167	12,167	-
ARP ESSER-Homeless Children & Youth	8754	I	84.425	181-212450	7/1/2021	9/30/2024	10,206	0	(1,234)	1,234	1,234	-
								1,043,823	672,819	360,280	360,280	(10,724)
TOTAL PASSED THROUGH PA DEPARTMENT OF ED								1,470,525	722,442	762,148	762,148	14,065
PASSED THROUGH LIU 12												
IDEA - Part B	6832	I	84.027	062-180012	7/1/2023	6/30/2024	405,705	405,704	0	405,704	405,704	0
IDEA-SECTION 619	6832	I	84.173	062-180012	7/1/2023	6/30/2024	3,792	3,792	0	3,792	3,792	0
TOTAL PASSED THROUGH LIU 12-CLUSTER TOTAL								409,496	0	409,496	409,496	0
TOTAL U.S. DEPARTMENT OF EDUCATION								1,880,021	722,442	1,171,644	1,171,644	14,065
U.S. Department of Agriculture												
Passed through Pa. Dept. of Agriculture												
National Sch Lunch - Donated Commoditie	T	I	10.555	N/A	7/1/2023	6/30/2024	N/A	131,628	0	131,628	131,628	0
Passed through Pa. Dept. of Education												
National School Lunch Program - Federal	T	I	10.555	362	7/1/2023	6/30/2024	N/A	517,822	0	517,822	517,822	0
Reg//ndy Breakfast-Federal	T	I	10.553	365	7/1/2023	6/30/2024	N/A	187,526	0	187,526	187,526	0
Supply Chain Assistance	T	I	10.555	356	7/1/2023	6/30/2024	N/A	42,755	0	42,755	42,755	0
TOTAL DEPARTMENT OF AGRICULTURE-CLUSTER TOTAL								879,731	0	879,731	879,731	0
P-EBT Local Admin Funds		I	10.649	358	7/1/2023	6/30/2024	N/A	653	0	653	653	0
TOTAL FEDERAL ASSISTANCE								2,760,405	722,442	2,052,028	2,052,028	14,065
State												
National School Lunch Program - State			N/A	510	7/1/2023	6/30/2024	N/A	24,840	0	24,840	24,840	0
Reg//ndy Breakfast-State			N/A	511	7/1/2023	6/30/2024	N/A	10,264	0	10,264	10,264	0
State Breakfast Initative			N/A	521	7/1/2023	6/30/2024	N/A	95,231	0	95,231	95,231	0
Total State								130,335	0	130,335	130,335	0

UPPER ADAMS SCHOOL DISTRICT
NOTES TO SCHEDULE OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

NOTE 1 - ORGANIZATION AND SCOPE

Upper Adams School District, Adams County, Pennsylvania operates a high school, a middle school, an intermediate school and an elementary school.

The district received federal funds to operate the programs for the benefit of some of the students as detailed on the schedule of Federal Awards, which covers the period from July 1, 2023 to June 30, 20243.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District reports federal programs in its financial statements and on the Schedule of Federal Awards on the accrual basis.

NOTE 3 - REPORTING ENTITY

The Upper Adams School District Board of Directors is the basic level of government which has oversight responsibility and control over all activities related to public school education in the Upper Adams School District. The District receives funding from local, state and federal government sources and must comply with their accompanying requirements. However, the Board is not included in any other governmental "reporting entity" as defined by the GASB pronouncement, since Board members are elected by the public and have decision-making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

The reporting entity for Upper Adams School District consists only of those funds, functions, and activities controlled by the School Board and required or allowed by State laws and regulations.

The financial statement of the School District includes all funds and activities that are controlled by or dependent on the School District. Control or dependence is determined on the basis of budget adoption, taxing authority, and funding and appointment of advisors.

NOTE 4 - INDIRECT COST RATE

The School has elected not to use the ten-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 5 - NON-MONETARY ASSISTANCE

NSLP - Value of USDA Donated Commodities (CFDA #10.555) - The School received commodities from the Pennsylvania Department of Agriculture valued

NOTE 6 - FEDERAL AWARDS

Total Expenditures	$ 2,182,363	
Less: State Expenditures	130,335	
Total Federal Expenditures	2,052,028	
	40%	
	$ 820,811	

Percentage of Coverage Rule
Upper Adams School District falls under the 40% rule for testing federal programs.
Federal Program Tested

Cares Act - ESSERS	$ 26,896	
ARP ESSERS	333,384	
IDEA	405,704	
IDEA Sec 619	3,792	
National School Lunch	560,577	
Breakfast Program	187,526	
Donated Commodities	131,628	
	-	
	$ 1,649,507	80%

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

To the Board of Directors
Upper Adams School District
Biglerville, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Upper Adams School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Upper Adams School District's major federal programs for the year ended June 30, 2024. Upper School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Upper Adams School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Upper Adams School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered

material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Upper Adams School District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgement 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 Upper Adams School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Upper Adams School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Upper Adams School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weakness 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.

Kochenour, Earnest, Smyser & Burg

Certified Public Accountants

York, Pennsylvania
December 13, 2024

UPPER ADAMS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2024

A. Summary of the Auditors' Results:

1 . An unmodified opinion was issued on the District's financial statements at June 30, 2024.

2 . There was no significant deficiencies or material weaknesses in internal control disclosed by the audit of the general purpose financial statements.

3 . There was no noncompliance disclosed during our audit which was material to the financial statements.

4 . There were no significant deficiencies or material weaknesses disclosed in internal control over the federal programs tested.

5 . An unmodified opinion was issued on the compliance of the federal programs tested.

6 . There were no audit findings for the fiscal year ended June 30, 2024.

7 . The federal programs tested as major programs were the Cares Act ESSERS, ARP ESSERS, IDEA, National School Lunch, Breakfast Program, Donated Commodities and Supply Chain Assistance which accounted for 80% of the federal expendituresUpper Adams School District falls under the 40% rule for testing federal programs.

8 . Federal expenditures are $750,000 or more but less than $25 million. Type A programs are the programs with total program expended funds of $750,000 or more. The Cares Act ESSERS, ARP ESSERS, IDEA, National School Lunch, Breakfast Program, Donated Commodities and Supply Chain Assistance Programs are Type A programs. All other programs are Type B.

9 . Upper Adams School District was determined to not be a low-risk auditee for Single Audit purposes.

B. Findings relating to the financial statements which are required to be reported under generally accepted government auditing standards issued by the Comptroller General of The United States.

There were no findings in the Upper Adams School District for the fiscal year ending June 30, 2024.

C. Findings and Questioned Costs for Federal Awards

There were no findings or questioned costs for Federal Awards in fiscal year ending June 30, 2024.

UPPER ADAMS SCHOOL DISTRICT
STATUS OF PRIOR YEAR'S FINDINGS
JUNE 30, 2024

There were no findings or questioned costs for federal awards in fiscal year ending June 30, 2023.

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Board of Directors
Upper Adams School District
Biglerville, Pennsylvania

December 13, 2024

Re: Management Letter

Board of Directors:

We have completed our audit of Upper Adams School District for the year ended June 30, 2024.

We have audited the accompanying basic financial statements of the Upper Adams School District as of and for the year ended June 30, 2024. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. We have issued our audit report in accordance with the above standards stating that the basic financial statements present fairly in all material respects the financial position of the Upper Adams School District.

In planning and performing our audit, we considered Upper Adams School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of Upper Adams School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Upper Adams School District's internal control over financial reporting.

We have also audited the compliance of Upper Adams School District with the types of compliance requirements described in the Uniform Guidance Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2024.

We did not have any findings or questioned costs for the year ended June 30, 2024.

We would like to take this opportunity to thank Shelley Hobbs and her staff for the cooperation and assistance we received during the course of our audit.

Sincerely,

Kochenour, Earnest, Smyser & Burg

Certified Public Accountants