

ELIZABETHTOWN AREA SCHOOL DISTRICT

FINANCIAL REPORT

JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

Board of School Directors
Elizabethtown Area School District
Elizabethtown, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Elizabethtown Area School District (District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

Responsibilities of Management for the Financial Statements (Continued)

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

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

Camp Hill, Pennsylvania
February 5, 2025

**ELIZABETHTOWN AREA SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2024**

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

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

Financial Highlights

Overall expenditures and other financing use in the general fund for the 2023-2024 fiscal year were budgeted at \$84,431,777. Revenues and other financing sources in the general fund for the 2023-2024 fiscal year were budgeted at \$77,460,267 with an anticipated reduction in fund balance of \$6,971,510. At year end, actual expenditures and other financing uses were \$84,239,869- which is \$191,908 more than the budgeted amount. Actual revenues at year end were \$79,164,118 which is \$1,703,851 more than the budgeted amount. The year resulted in a net decrease to fund balance of \$5,075,751.

A construction project started during the year resulted in \$5.5 million being transferred to capital reserves for funding of the project. The District sold \$15 million in bonds to pay for the construction project instead of using committed fund balance. This bond sale resulted in not using \$7 million for capital outlay which resulted in actual total expenses being approximately \$6,920,463 better than anticipated. The year end results, and the transfers to other funds resulted in a net decrease in fund balance of approximately \$5,075,751.

Revenues and other financing sources were more than budget by about \$1.7 million or approximately 2.0% of the budgeted revenues. The Federal Reserve interest rate increases, and tuition from other school districts were the primary influence on the local revenue variances. Investment earnings and other revenue was over budget by approximately \$1.4 million.

The budgetary surplus associated with state revenue was approximately \$662,775 increase over the 2022-2023 year and was associated with an increase in Ready to Learn adequacy funding. The Federal sources of revenue decreased by approximately \$375,000 as ESSER funding was decreased.

Expenditures and other financing uses were over budget by about \$191,000 or approximately 0.2% of the budgeted expenditures. This overage includes two main components, over budget in some areas and under budget in other areas. The overage driven by multiple factors, including increased healthcare expenses, special education costs, cyber/charter increasing tuition, increasing cost of transportation for students attending public and private schools, and costs of utilities and building repairs. The under budget area stems from the District selling \$15 million in bonds during the year to cover the cost of the construction project, and transferring \$5.5 million to capital projects fund, versus using the budgeted capital outlay of \$7 million.

**ELIZABETHTOWN AREA SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Using this Annual Report

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

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

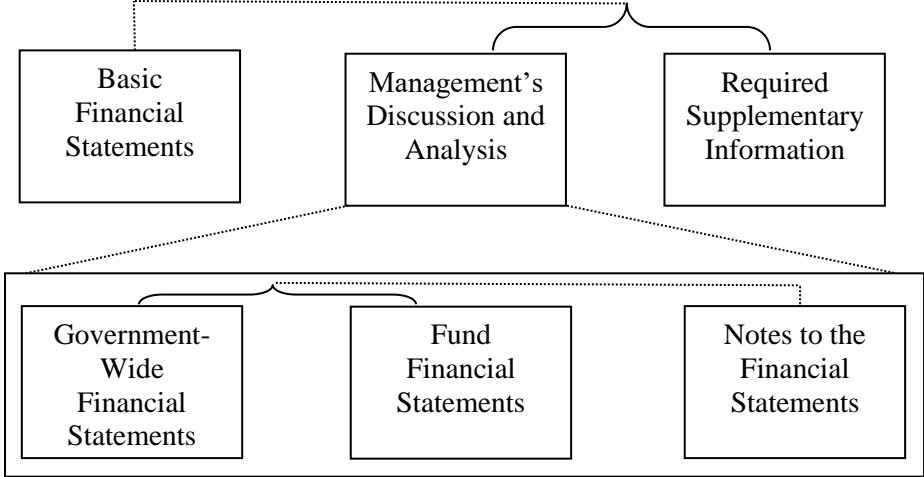
The remaining statements are fund financial statements that focus on individual parts of the District’s operations in more detail than the government-wide statements. The governmental funds statements tell how general District services were financed in the short-term as well as what remains for future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

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

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

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

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



**ELIZABETHTOWN AREA SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Using this Annual Report (Continued)

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

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

**ELIZABETHTOWN AREA SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Overview of Financial Statements

Government-Wide Statements

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

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

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

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

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

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

Fund Financial Statements

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

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

**ELIZABETHTOWN AREA SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Overview of Financial Statements (Continued)

Fund Financial Statements (Continued)

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

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

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

**ELIZABETHTOWN AREA SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Financial Analysis of the District as a Whole

The District's total net position for governmental activities was \$(46,195,394) as of June 30, 2024. The negative unrestricted net position is due to GASB 68, *Accounting and Financial Reporting for Pensions*, which requires recognition of \$83,283,000 net pension liability at June 30, 2024, and significant footnote disclosure found in Note 11. The deferred inflows and outflows of resources are discussed in Note 1 to the financial statements. Most of the District's net position is invested in capital assets (buildings, land, and equipment). The remaining unrestricted net position is a combination of designated and undesignated amounts.

| | Fiscal Years Ended June 30, 2024 and 2023 | | | | | |
|--|---|-----------------------------|------------------------|----------------------------|-----------------------------|------------------------|
| | Net Position | | | | | |
| | 2024 | | | 2023 | | |
| | Governmental Activities | Business-Type Activities | Total District | Governmental Activities | Business-Type Activities | Total District |
| Assets | | | | | | |
| Current and other assets | \$ 45,158,213 | \$ 1,076,725 | \$ 46,234,938 | \$ 33,900,610 | \$ 735,771 | \$ 34,636,381 |
| Capital assets and other non-current assets | 66,837,762 | 69,574 | 66,907,336 | 63,610,261 | 29,352 | 63,639,613 |
| Total assets | \$ 111,995,975 | \$ 1,146,299 | \$ 113,142,274 | \$ 97,510,871 | \$ 765,123 | \$ 98,275,994 |
| Deferred outflows of resources | \$ 22,008,166 | \$ 213,805 | \$ 22,221,971 | \$ 26,942,760 | \$ 263,452 | \$ 27,206,212 |
| Liabilities | | | | | | |
| Current and other liabilities | \$ 15,712,945 | \$ 41,454 | \$ 15,754,399 | \$ 12,168,410 | \$ 68,555 | \$ 12,236,965 |
| Long-term liabilities | 151,353,955 | 886,446 | 152,240,401 | 139,175,288 | 894,227 | 140,069,515 |
| Total liabilities | \$ 167,066,900 | \$ 927,900 | \$ 167,994,800 | \$ 151,343,698 | \$ 962,782 | \$ 152,306,480 |
| Deferred inflows of resources | \$ 13,132,635 | \$ 117,273 | \$ 13,249,908 | \$ 20,287,785 | \$ 186,310 | \$ 20,474,095 |
| Net Position | | | | | | |
| Net Investment in capital assets | \$ 16,209,949 | \$ 69,574 | \$ 16,279,523 | \$ 13,260,465 | \$ 29,352 | \$ 13,289,817 |
| Restricted | 9,011,686 | - | 9,011,686 | 8,610,819 | - | 8,610,819 |
| Unrestricted | (71,417,029) | 245,357 | (71,171,672) | (69,049,136) | (149,869) | (69,199,005) |
| Total net position (deficit) | \$ (46,195,394) | \$ 314,931 | \$ (45,880,463) | \$ (47,177,852) | \$ (120,517) | \$ (47,298,369) |

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

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

**ELIZABETHTOWN AREA SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Financial Analysis of the District as a Whole (Continued)

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

**Table A-2
Fiscal Years Ended June 30, 2024 and 2023
Changes in Net Position**

| | 2024 | | | 2023 | | |
|--|----------------------------|-----------------------------|---------------------|----------------------------|-----------------------------|--------------------------|
| | Governmental Activities | Business-Type Activities | Total District | Governmental Activities | Business-Type Activities | Total School District |
| Revenues: | | | | | | |
| Program Revenues | | | | | | |
| Charges for Services | \$ 717,712 | \$ 707,089 | \$ 1,424,801 | \$ 736,088 | \$ 712,571 | \$ 1,448,659 |
| Operating Grants and Contributions | 14,161,921 | 1,537,656 | 15,699,577 | 14,320,329 | 1,299,298 | 15,619,627 |
| General Revenue | | | | | | |
| Property Taxes | 44,209,397 | - | 44,209,397 | 42,524,708 | - | 42,524,708 |
| Other Taxes | 6,153,137 | - | 6,153,137 | 6,218,951 | - | 6,218,951 |
| Unrestricted grants and subsidies | 11,978,527 | - | 11,978,527 | 11,125,279 | - | 11,125,279 |
| Unrestricted Investment Earnings | 1,861,207 | 29,738 | 1,890,945 | 689,793 | 10,591 | 700,384 |
| Loss on disposition of capital assets | (586,735) | - | (586,735) | 606,671 | - | 606,671 |
| Miscellaneous income | 222,801 | - | 222,801 | 243,318 | - | 243,318 |
| Total Revenues | 78,717,967 | 2,274,483 | 80,992,450 | 76,465,137 | 2,022,460 | 78,487,597 |
| Expenses | | | | | | |
| Instructional Programs | 51,823,114 | - | 51,823,114 | 48,063,684 | - | 48,063,684 |
| Instructional Student Support | 6,086,015 | - | 6,086,015 | 5,151,783 | - | 5,151,783 |
| Administrative, Financial, and Central Support Services | 7,284,165 | - | 7,284,165 | 6,629,765 | - | 6,629,765 |
| Operation and maintenance of Plant Services | 6,912,319 | - | 6,912,319 | 5,460,361 | - | 5,460,361 |
| Pupil Transportation | 3,241,508 | - | 3,241,508 | 2,807,114 | - | 2,807,114 |
| Student Activities | 1,393,736 | - | 1,393,736 | 1,250,941 | - | 1,250,941 |
| Community Services | 20,519 | - | 20,519 | 14,304 | - | 14,304 |
| Interest on long-term debt | 974,133 | - | 974,133 | 1,052,031 | - | 1,052,031 |
| Food Services | - | 1,839,035 | 1,839,035 | - | 1,802,947 | 1,802,947 |
| Total Expenses | 77,735,509 | 1,839,035 | 79,574,544 | 70,429,983 | 1,802,947 | 72,232,930 |
| Increase (Decrease) in Net Position | \$ 982,458 | \$ 435,448 | \$ 1,417,906 | \$ 6,035,154 | \$ 219,513 | \$ 6,254,667 |

For the year ended June 30, 2024, government wide revenues increased by \$2,252,830 this was due to investment earnings increase of \$1,171,414 and an increase of \$1,684,689 in property taxes. For the year ended June 30, 2024, government wide expenses increased by \$7,305,526 most impacted by the increase in instructional programs and support of \$4,693,662 and operation and maintenance of plant services of \$1,451,958.

**ELIZABETHTOWN AREA SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Financial Analysis of the District as a Whole (Continued)

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

| | <u>2024</u> | | <u>2023</u> | |
|---|---------------------------|-------------------------|---------------------------|-------------------------|
| | Total Cost of Services | Net Cost of Services | Total Cost of Services | Net Cost of Services |
| Instructional programs | \$ 51,823,114 | \$ 40,685,506 | \$ 48,063,684 | \$ 36,648,866 |
| Instructional student support | 6,086,015 | 5,064,998 | 5,151,783 | 4,249,701 |
| Administrative, financial and central support services | 7,284,165 | 6,347,741 | 6,629,765 | 5,589,176 |
| Operation and maintenance of plant services | 6,912,319 | 6,594,050 | 5,460,361 | 5,119,903 |
| Pupil transportation | 3,241,508 | 2,160,903 | 2,807,114 | 1,849,152 |
| Student activities | 1,393,736 | 1,107,175 | 1,250,941 | 959,425 |
| Community services | 20,519 | 10,597 | 14,304 | 9,187 |
| Interest on long-term debt | 974,133 | 884,906 | 1,052,031 | 948,156 |
| Total Governmental Activities | \$ 77,735,509 | \$ 62,855,876 | \$ 70,429,983 | \$ 55,373,566 |
| Unrestricted grants and subsidies | | (11,978,527) | | (11,125,279) |
| Total needs from taxes and other local sources | | \$ 50,877,349 | | \$ 44,248,287 |

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

**Table A-4
Fiscal Years Ended June 30, 2024 and 2023
Business-Type Activities**

| | <u>2024</u> | | <u>2023</u> | |
|--------------|---------------------------|-------------------------|---------------------------|-------------------------|
| | Total Cost of Services | Net Cost of Services | Total Cost of Services | Net Cost of Services |
| Food service | \$ 1,839,035 | \$ (405,710) | \$ 1,802,947 | \$ (208,922) |

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

**ELIZABETHTOWN AREA SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2024**

The District Funds

As of June 30, 2024, the District’s governmental funds reported a combined fund balance of 32,923,429 which is an increase of \$8,015,983 over the previous year. The primary reason for this change is explained below:

The capital projects fund balance increased as a result of the issuance of long-term debt and increased investment earnings.

General Fund Budget

During the fiscal year, the Board of School Directors (Board) authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. A schedule, showing the District’s original and final budget amounts compared with amounts actually paid and received, is provided on page 72.

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

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

Capital Assets and Debt Administration

Capital Assets - Governmental Activities

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

| | 2024 | 2023 |
|------------------------------------|---------------|---------------|
| Governmental Activities: | | |
| Land and land improvements | \$ 3,261,696 | \$ 3,724,806 |
| Building and building improvements | 51,775,490 | 55,781,735 |
| Furniture and equipment | 2,255,719 | 2,717,929 |
| Vehicles | 222,829 | 263,883 |
| Right-to-use leased equipment | 160,626 | 210,049 |
| Right-to-use subscription assets | 499,043 | 471,060 |
| Construction in progress (CIP) | 8,662,359 | 440,799 |
| | \$ 66,837,762 | \$ 63,610,261 |

**ELIZABETHTOWN AREA SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Debt Administration

As of July 1, 2023, the District had a total outstanding bond principal of \$47,765,000. During the year, the District increased the principal in the amount of \$11,710,000. Current year debt service activity resulted in an ending outstanding debt as of June 30, 2024, of \$59,475,000.

**Table A-6
Outstanding Debt**

| Issue: | 2024 | 2023 |
|-----------------|----------------------|----------------------|
| Series of 2019 | 3,740,000 | 4,820,000 |
| Series of 2019A | 9,055,000 | 9,060,000 |
| Series of 2020 | 7,715,000 | 8,930,000 |
| Series of 2020A | 6,695,000 | 6,745,000 |
| Series of 2021 | 4,910,000 | 5,000,000 |
| Series of 2021A | 3,205,000 | 3,775,000 |
| Series of 2022 | 9,155,000 | 9,435,000 |
| Series of 2024 | 15,000,000 | - |
| | <u>\$ 59,475,000</u> | <u>\$ 47,765,000</u> |

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

Economic Factors and Next Year’s Budgets and Rates

The District’s general obligation bond rating is a Moody’s Aa3 (assigned April 29, 2024). This Aa3 has been a consistent rating for the District for many years. The Aa3 rating is based upon the additional security for bonds provided by the Commonwealth of Pennsylvania Act 150 School District Intercept Program. The Act provides for undistributed state aid to be diverted to bond holders in the event of default. When assigning its rating, Moody’s cited the District’s satisfactory financial position with reserves that have been markedly stable over the past several years. The rating further reflects our expectation of continued financial stability in the near term despite any coronavirus-related concerns, given annual property tax increases and modest reliance on earned income tax. The District’s moderately-sized tax base has a good amount of new development currently underway and is characterized by average resident wealth and income levels. Additionally, the rating considers the District’s somewhat elevated debt burden and manageable pension liability.

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

**ELIZABETHTOWN AREA SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2024**

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

Employment opportunities continue to be available for residents with increases reflecting at CPI. Investment earnings continue to be strong, and some new construction has started in the District. The housing market continues strong in the community maintaining local sources of revenue.

The comparison of revenue and expenditure categories is as follows:

**Table A-7
Budgeted Revenues**

| | 2024-2025 | 2023-2024 |
|-----------------|------------------|------------------|
| Local sources | 68.4% | 67.8% |
| State sources | 30.4% | 28.9% |
| Federal sources | 1.2% | 3.3% |

Budgeted Expenditures

| | 2024-2025 | 2023-2024 |
|------------------------|------------------|------------------|
| Instruction | 62.2% | 59.0% |
| Support services | 27.3% | 24.4% |
| Athletic and extracurr | 1.7% | 1.5% |
| Facilities | 0.0% | 8.3% |
| Fund transfers/debt | 8.8% | 6.8% |

The District anticipates increased costs for 2024-2025 related to maintaining the aging infrastructure of the high school and middle school complex, increasing health care costs, continued higher utilization of cyber charter schools by some families in the District, and increased benefit and technology costs. Additionally, the District anticipates facility renovations associated with the high school and middle school complex four to six years from now. The District assigned fund balance at June 30, 2024, of \$3,100,000 for facility improvements, \$1,900,000 for increase in health fund, \$800,000 for increased cyber charter school and \$700,000 for technology expenses.

Contacting the District Business Administrator

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

ELIZABETHTOWN AREA SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2024

| | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|------------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 8,061,699 | \$ 52,730 | \$ 8,114,429 |
| Investments | 32,927,190 | 1,002,005 | 33,929,195 |
| Taxes receivable, net | 1,416,848 | - | 1,416,848 |
| Internal balances | 58,123 | (58,123) | - |
| Due from other governments | 2,578,992 | 18,302 | 2,597,294 |
| Other receivables | 41,452 | - | 41,452 |
| Inventories | 48,272 | 61,811 | 110,083 |
| Prepaid expenses | 25,637 | - | 25,637 |
| Total current assets | <u>45,158,213</u> | <u>1,076,725</u> | <u>46,234,938</u> |
| Capital Assets | | | |
| Land and construction-in-progress | 9,687,572 | - | 9,687,572 |
| Other capital assets, net of depreciation/amortization | 57,150,190 | 69,574 | 57,219,764 |
| Total capital assets | <u>66,837,762</u> | <u>69,574</u> | <u>66,907,336</u> |
| Total assets | <u>\$ 111,995,975</u> | <u>\$ 1,146,299</u> | <u>\$ 113,142,274</u> |
| Deferred Outflows of Resources | | | |
| Pension | \$ 19,195,000 | \$ 194,000 | \$ 19,389,000 |
| Other postemployment benefits | 2,813,166 | 19,805 | 2,832,971 |
| Total deferred outflows of resources | <u>\$ 22,008,166</u> | <u>\$ 213,805</u> | <u>\$ 22,221,971</u> |
| Liabilities | | | |
| Current Liabilities | | | |
| Accounts payable | \$ 3,253,224 | \$ 14,746 | \$ 3,267,970 |
| Retainage payable | 638,245 | - | 638,245 |
| Current portion of long-term debt | 3,696,221 | - | 3,696,221 |
| Accrued salaries and benefits | 6,822,146 | 1,571 | 6,823,717 |
| Accrued interest on long-term debt | 248,234 | - | 248,234 |
| Payroll deductions and withholdings | 268,081 | - | 268,081 |
| Unearned revenues | 96,855 | 25,137 | 121,992 |
| Other current liabilities | 689,939 | - | 689,939 |
| Total current liabilities | <u>15,712,945</u> | <u>41,454</u> | <u>15,754,399</u> |
| Noncurrent Liabilities | | | |
| Long-term portion of bonds payable, net of unamortized premiums and discounts | 58,823,168 | - | 58,823,168 |
| Long-term portion of compensated absences | 2,317,285 | - | 2,317,285 |
| Long-term portion of lease payable | 121,253 | - | 121,253 |
| Long-term portion of subscription liability | 370,021 | - | 370,021 |
| Net pension liability | 83,283,000 | 841,000 | 84,124,000 |
| Net other postemployment benefit liabilities | 6,439,228 | 45,446 | 6,484,674 |
| Total long-term liabilities | <u>151,353,955</u> | <u>886,446</u> | <u>152,240,401</u> |
| Total liabilities | <u>\$ 167,066,900</u> | <u>\$ 927,900</u> | <u>\$ 167,994,800</u> |
| Deferred Inflows of Resources | | | |
| Gain on bonding refunding, net of accumulated amortization | \$ 308,017 | \$ - | \$ 308,017 |
| Pension | 8,819,000 | 89,000 | 8,908,000 |
| Other postemployment benefits | 4,005,618 | 28,273 | 4,033,891 |
| Total deferred inflows of resources | <u>\$ 13,132,635</u> | <u>\$ 117,273</u> | <u>\$ 13,249,908</u> |
| Net Position (Deficit) | | | |
| Net investment in capital assets | \$ 16,209,949 | \$ 69,574 | \$ 16,279,523 |
| Restricted | | | |
| Capital Projects | 9,011,686 | - | 9,011,686 |
| Unrestricted | (71,417,029) | 245,357 | (71,171,672) |
| Total net position | <u>\$ (46,195,394)</u> | <u>\$ 314,931</u> | <u>\$ (45,880,463)</u> |

See Notes to Financial Statements.

ELIZABETHTOWN AREA SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2024

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenues and Changes in Net Position | | |
|---|----------------------|-------------------------|--|--|---|-----------------------------|------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Governmental Activities: | | | | | | | |
| Instruction | \$ 51,823,114 | \$ 509,427 | \$ 10,628,181 | \$ - | \$ (40,685,506) | \$ - | \$ (40,685,506) |
| Instructional student support | 6,086,015 | - | 1,021,017 | - | (5,064,998) | - | (5,064,998) |
| Administrative, financial and central support services | 7,284,165 | - | 936,424 | - | (6,347,741) | - | (6,347,741) |
| Operation and maintenance of plant services | 6,912,319 | 38,189 | 280,080 | - | (6,594,050) | - | (6,594,050) |
| Pupil transportation | 3,241,508 | - | 1,080,605 | - | (2,160,903) | - | (2,160,903) |
| Student activities | 1,393,736 | 170,096 | 116,465 | - | (1,107,175) | - | (1,107,175) |
| Community services | 20,519 | - | 9,922 | - | (10,597) | - | (10,597) |
| Interest on long-term debt | 974,133 | - | 89,227 | - | (884,906) | - | (884,906) |
| Total governmental activities | 77,735,509 | 717,712 | 14,161,921 | - | (62,855,876) | - | (62,855,876) |
| Business-Type Activities: | | | | | | | |
| Food Service | 1,839,035 | 707,089 | 1,537,656 | - | - | 405,710 | 405,710 |
| Total primary government | \$ 79,574,544 | \$ 1,424,801 | \$ 15,699,577 | \$ - | \$ (62,855,876) | \$ 405,710 | \$ (62,450,166) |
| General Revenues: | | | | | | | |
| Property taxes, levied for general purposes, net | | | | | \$ 44,209,397 | \$ - | \$ 44,209,397 |
| Public utility realty, earned income and other taxes levied for general purposes, net | | | | | 6,153,137 | - | 6,153,137 |
| Unrestricted grants and subsidies | | | | | 11,978,527 | - | 11,978,527 |
| Investment earnings | | | | | 1,861,207 | 29,738 | 1,890,945 |
| Loss on disposition of capital assets | | | | | (586,735) | - | (586,735) |
| Miscellaneous income | | | | | 222,801 | - | 222,801 |
| Total general revenues | | | | | 63,838,334 | 29,738 | 63,868,072 |
| Changes in net position | | | | | 982,458 | 435,448 | 1,417,906 |
| Net Position - July 1, 2023 | | | | | (47,177,852) | (120,517) | (47,298,369) |
| Net Position - June 30, 2024 | | | | | \$ (46,195,394) | \$ 314,931 | \$ (45,880,463) |

See Notes to Financial Statements.

ELIZABETHTOWN AREA SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2024

| | Major Funds | | |
|---|----------------------|-----------------------------|--------------------------------|
| | General Fund | Capital Projects Fund | Total Governmental Funds |
| Assets | | | |
| Cash and cash equivalents | \$ 6,217,716 | \$ 533,804 | \$ 6,751,520 |
| Investments | 12,080,203 | 20,846,987 | 32,927,190 |
| Taxes receivable, net | 1,416,848 | - | 1,416,848 |
| Due from other funds | 541,427 | 3,970,703 | 4,512,130 |
| Due from other governments | 2,578,992 | - | 2,578,992 |
| Other receivables | 17,235 | - | 17,235 |
| Prepaid expenses | 25,637 | - | 25,637 |
| Inventories | 48,272 | - | 48,272 |
| Total assets | \$ 22,926,330 | \$ 25,351,494 | \$ 48,277,824 |
| Liabilities | | | |
| Accounts payable | \$ 634,530 | \$ 2,618,694 | \$ 3,253,224 |
| Retainage payable | - | 638,245 | 638,245 |
| Due to other funds | 3,603,892 | 392,002 | 3,995,894 |
| Accrued salaries and benefits | 6,822,146 | - | 6,822,146 |
| Payroll deductions and withholdings | 268,081 | - | 268,081 |
| Unearned revenues | 96,855 | - | 96,855 |
| Total liabilities | 11,425,504 | 3,648,941 | 15,074,445 |
| Deferred Inflows of Resources | | | |
| Delinquent taxes | 279,950 | - | 279,950 |
| Fund Balances | | | |
| Nonspendable | 73,909 | - | 73,909 |
| Restricted | - | 21,702,553 | 21,702,553 |
| Committed | 3,200,000 | - | 3,200,000 |
| Assigned | 6,500,000 | - | 6,500,000 |
| Unassigned | 1,446,967 | - | 1,446,967 |
| Total fund balances | 11,220,876 | 21,702,553 | 32,923,429 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 22,926,330 | \$ 25,351,494 | \$ 48,277,824 |

See Notes to Financial Statements.

ELIZABETHTOWN AREA SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

June 30, 2024

| | |
|---|---------------|
| Total fund balances - governmental funds | \$ 32,923,429 |
|---|---------------|

Amounts reported for governmental activities in the Statement of Net Position are different because:

| | |
|--|------------|
| Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds. The cost of assets is \$117,457,971 and the accumulated depreciation is \$50,620,209. | 66,837,762 |
|--|------------|

| | |
|--|---------|
| Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position. | 186,344 |
|--|---------|

| | |
|--|---------|
| Property taxes are available for collection this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds. | 279,950 |
|--|---------|

| | |
|---|---------------|
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of: | |
| Bonds payable | (59,475,000) |
| Accrued interest on long-term debt | (248,234) |
| Bonds premium, net of amortization | (2,873,168) |
| Lease payable | (169,665) |
| Subscription liability | (492,830) |
| Compensated absences | (2,317,285) |
| Net other postemployment benefits (OPEB) liabilities | (6,439,228) |
| Net pension liability | (83,283,000) |
| | (155,298,410) |

| | |
|--|------------|
| Deferred outflows of resources - pension and OPEB are not due and payable in the current period and, therefore, are not reported in the funds. | 22,008,166 |
|--|------------|

| | |
|--|--------------|
| Deferred inflows of resources - pension, OPEB, and refinancing gain are not due and collectable in the current period and, therefore, are not reported in the funds. | (13,132,635) |
|--|--------------|

| | |
|--|------------------------|
| Total net deficit - governmental activities | \$ (46,195,394) |
|--|------------------------|

See Notes to Financial Statements.

ELIZABETHTOWN AREA SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended June 30, 2024**

| | Major Funds | | |
|--|----------------------|-----------------------------|---------------------------------|
| | General Fund | Capital Projects Fund | Totals Governmental Funds |
| Revenues | | | |
| Local sources | | | |
| Real estate taxes | \$ 44,262,081 | \$ - | \$ 44,262,081 |
| Other taxes | 6,153,137 | - | 6,153,137 |
| Investment earnings | 1,562,811 | 298,397 | 1,861,208 |
| Other revenue | 1,829,426 | - | 1,829,426 |
| Total local sources | 53,807,455 | 298,397 | 54,105,852 |
| State sources | 23,092,265 | - | 23,092,265 |
| Federal sources | 2,151,897 | - | 2,151,897 |
| Total revenues | 79,051,617 | 298,397 | 79,350,014 |
| Expenditures | | | |
| Instructional services | 50,537,685 | 51,506 | 50,589,191 |
| Support services | 22,023,043 | 417,208 | 22,440,251 |
| Noninstructional services | 1,384,874 | 9,318 | 1,394,192 |
| Capital outlay | 79,537 | 8,713,738 | 8,793,275 |
| Debt service | 4,714,367 | - | 4,714,367 |
| Total expenditures | 78,739,506 | 9,191,770 | 87,931,276 |
| Excess (deficiency) of revenues over expenditures | 312,111 | (8,893,373) | (8,581,262) |
| Other Financing Sources (Uses) | | | |
| Transfers (out) in | (5,500,000) | 5,500,000 | - |
| Proceeds from issuance of long-term debt | - | 16,485,107 | 16,485,107 |
| Refund of prior year receipts | (363) | - | (363) |
| Refund of prior years expenditures | 7,373 | - | 7,373 |
| Proceeds on sale of capital assets | 4,923 | - | 4,923 |
| Proceeds from leases and other right to use arrangement | 100,205 | - | 100,205 |
| Total other financing (uses) sources | (5,387,862) | 21,985,107 | 16,597,245 |
| Net changes in fund balances | (5,075,751) | 13,091,734 | 8,015,983 |
| Fund Balances: | | | |
| July 1, 2023 | 16,296,627 | 8,610,819 | 24,907,446 |
| June 30, 2024 | <u>\$ 11,220,876</u> | <u>\$ 21,702,553</u> | <u>\$ 32,923,429</u> |

See Notes to Financial Statements.

ELIZABETHTOWN AREA SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
STATEMENT OF ACTIVITIES
Year Ended June 30, 2024**

| | |
|---|-----------------------|
| Net changes in fund balances - total governmental funds | \$ 8,015,983 |
| Amounts reported for governmental activities in the Statement of Activities are different because: | |
| Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The amount by which capital outlays exceed depreciation/amortization in the period is as follows: | |
| Capital outlays | 8,450,455 |
| Depreciation/amortization expense | (4,631,296) 3,819,159 |
| The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to decrease net position. | (591,658) |
| Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered available revenues in the governmental funds. Deferred tax revenues increased by this amount this year. | (52,685) |
| Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditures in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest accrued in the Statement of Activities over the amount due is shown here. | 24,923 |
| The change in net position in the Internal Service Fund is reported within governmental activities. | 14,064 |
| Governmental funds report district pension and OPEB contributions as expenditures. However in the Statement of Activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as pension and OPEB expense. | |
| District pension and OPEB contributions (PSERS) | 10,119,000 |
| Cost of benefits earned net of employee contributions (PSERS) | (7,296,200) |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | |
| Change in compensated absences | (167,571) |
| Other post-employment benefits (District Plan) | (32,556) |
| The issuance of long-term obligations (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The net effect of these differences in the treatment of long-term obligations and related items is as follows: | |
| Issuance of long-term debt, including bond premium | (16,485,106) |
| Repayment of debt principal | 3,290,000 |
| Amortization of refunding gain (loss) | 30,867 |
| Amortization of bond premiums and discounts - net | 277,439 |
| Issuance of subscription liability | (100,205) |
| Repayment of leases payable | 45,342 |
| Repayment of subscription liability | 71,662 (12,870,001) |
| Change in net position - governmental activities | \$ 982,458 |

See Notes to Financial Statements.

ELIZABETHTOWN AREA SCHOOL DISTRICT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

June 30, 2024

| | Major Enterprise Fund | |
|--|--------------------------|--------------------------|
| | Food Service Fund | Internal Service Fund |
| Assets | | |
| Cash and cash equivalents | \$ 52,730 | \$ 1,310,179 |
| Investments | 1,002,005 | - |
| Receivables | | |
| Federal subsidies | 14,983 | - |
| State subsidies | 3,319 | - |
| Other | - | 10,219 |
| Due from other funds | 24,669 | - |
| Inventories | 61,811 | - |
| Capital assets | | |
| Machinery and equipment | 150,923 | - |
| Accumulated depreciation | (81,349) | - |
| Total assets | \$ 1,229,091 | \$ 1,320,398 |
| Deferred Outflows of Resources | | |
| Deferred amounts on pension liability | \$ 194,000 | \$ - |
| Deferred amounts on other post-employment benefits liabilities | 19,805 | - |
| Total deferred outflows of resources | \$ 213,805 | \$ - |
| Liabilities | | |
| Accounts payable | \$ 14,746 | \$ 689,939 |
| Due to other funds | 82,792 | 444,115 |
| Accrued salaries and benefits | 1,571 | - |
| Unearned revenues | 25,137 | - |
| Long-term liabilities | | |
| Net pension liability | 841,000 | - |
| Other post-employment benefits liabilities | 45,446 | - |
| Total long-term liabilities | 886,446 | - |
| Total liabilities | \$ 1,010,692 | \$ 1,134,054 |
| Deferred Inflows of Resources | | |
| Deferred amounts on pension liability | \$ 89,000 | \$ - |
| Deferred amounts on other post-employment benefits liabilities | 28,273 | - |
| Total deferred inflows of resources | \$ 117,273 | \$ - |
| Net Position | | |
| Net investment in capital assets | \$ 69,574 | \$ - |
| Unrestricted | 245,357 | 186,344 |
| Total Net Position | \$ 314,931 | \$ 186,344 |

See Notes to Financial Statements.

ELIZABETHTOWN AREA SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - PROPRIETARY FUNDS**

Year Ended June 30, 2024

| | Major Enterprise Fund | |
|------------------------------------|--------------------------|--------------------------|
| | Food Service Fund | Internal Service Fund |
| Operating Revenues | | |
| Food service revenue | \$ 707,089 | \$ - |
| Charges for services | - | 8,090,094 |
| Total operating revenues | 707,089 | 8,090,094 |
| Operating Expenses | | |
| Salaries | 197,047 | - |
| Employee benefits | 103,202 | 8,102,303 |
| Other purchased services | 1,317,197 | - |
| Repairs and maintenance | 15,534 | - |
| Supplies | 202,616 | - |
| Depreciation | 3,439 | - |
| Total operating expenses | 1,839,035 | 8,102,303 |
| Operating loss | (1,131,946) | (12,209) |
| Nonoperating Revenues | | |
| Investment earnings | 29,738 | 26,273 |
| State sources | 262,577 | - |
| Federal sources | 1,059,778 | - |
| Value of donated commodities | 215,301 | - |
| Total nonoperating revenues | 1,567,394 | 26,273 |
| Changes in net position | 435,448 | 14,064 |
| Net Position - July 1, 2023 | (120,517) | 172,280 |
| Net Position - June 30, 2024 | \$ 314,931 | \$ 186,344 |

See Notes to Financial Statements.

ELIZABETHTOWN AREA SCHOOL DISTRICT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

Year Ended June 30, 2024

| | Major Enterprise Fund | |
|--|--------------------------|--------------------------|
| | Food Service Fund | Internal Service Fund |
| Cash Flows From Operating Activities | | |
| Cash received from users | \$ 698,523 | \$ - |
| Cash received from assessments made to other funds | - | 8,534,209 |
| Cash payments to employees for services | (328,319) | - |
| Cash payments to suppliers for goods and services | (1,293,618) | (7,666,393) |
| Net cash (used in) provided by operating activities | (923,414) | 867,816 |
| Cash Flows from Capital and Related Financing Activities | | |
| Purchase of property and equipment | (43,661) | - |
| Cash Flows From Non-Capital Financing Activities | | |
| State sources | 259,258 | - |
| Federal sources | 1,048,051 | - |
| Net cash provided by non-capital financing activities | 1,307,309 | - |
| Cash Flows From Investing Activities | | |
| Investment earnings | 29,738 | 26,273 |
| Purchase of investments | (1,002,005) | - |
| Net cash (used in) provided by investing activities | (972,267) | 26,273 |
| Net change in cash and cash equivalents | (632,033) | 894,089 |
| Cash and Cash Equivalents: | | |
| July 1, 2023 | 684,763 | 416,090 |
| June 30, 2024 | \$ 52,730 | \$ 1,310,179 |
| Reconciliation of Operating Loss to Net Cash Used in Operating Activities | | |
| Operating loss | \$ (1,131,946) | \$ (12,209) |
| Adjustments to reconcile operating loss to net cash used in operating activities | | |
| Depreciation | 3,439 | |
| Value of donated commodities | 215,301 | |
| Decrease (Increase) in: | | |
| Receivables | - | 285,504 |
| Due from other funds | (24,669) | - |
| Inventory | (9,726) | - |
| Prepaid expense | - | 199,040 |
| Deferred outflows of resources | 49,647 | - |
| Increase (decrease) in: | | |
| Accounts payable | 7,306 | (48,634) |
| Accrued salaries and benefits | (899) | - |
| Unearned revenue | (33,508) | - |
| Due to other funds | 78,459 | 444,115 |
| Net pension liability | (11,000) | - |
| OPEB liabilities | 3,219 | - |
| Deferred inflows of resources | (69,037) | - |
| Net cash used in operating activities | \$ (923,414) | \$ 867,816 |
| Supplemental Disclosure | | |
| Noncash non-capital financing activity | | |
| Receipt of USDA donated commodities | \$ 190,359 | \$ - |

See Notes to Financial Statements.

ELIZABETHTOWN AREA SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
June 30, 2024

| | Custodial Fund |
|---|-------------------|
| <hr/> | |
| Assets | |
| Cash and cash equivalents | \$ 584,632 |
| Total assets | <u>\$ 584,632</u> |
| | |
| Liabilities | |
| Accounts payable | \$ 12,129 |
| Due to other funds | 13,998 |
| Total liabilities | <u>\$ 26,127</u> |
| | |
| Net Position | |
| Restricted for: | |
| Scholarships | \$ 434,912 |
| Student activities | 123,593 |
| Total net position | <u>558,505</u> |
| | |
| Total liabilities and net position | <u>\$ 584,632</u> |

See Notes to Financial Statements.

ELIZABETHTOWN AREA SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Year Ended June 30, 2024

| | Custodial Fund |
|------------------------------------|------------------------------|
| <hr/> | |
| Additions | |
| Gifts and contributions | \$ 9,482 |
| Fees and collections | 191,700 |
| Investment earnings | 15,732 |
| Total additions | <hr/> 216,914 <hr/> |
| Deductions | |
| Student activity expenses | 179,528 |
| Scholarship awarded | 18,175 |
| Total deductions | <hr/> 197,703 <hr/> |
| Changes in net position | 19,211 |
| Net Position: | |
| July 1, 2023 | 539,294 |
| June 30, 2024 | <hr/> \$ 558,505 <hr/> <hr/> |

See Notes to Financial Statements.

ELIZABETHTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

The District is financially accountable for:

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

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

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

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

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

ELIZABETHTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

B. Joint Ventures

Lancaster County Career and Technology Center: The District is one of 16-member school districts of the Lancaster County Career and Technology Center (LCCTC). LCCTC provides vocational-technical training and education to participating students of the member school districts. LCCTC is controlled and governed by the area Career and Technology Center Board for Lancaster County, which is comprised of school board members of all the member school districts. No member school district exercises specific control over the fiscal policies or operations of LCCTC. The LCCTC is not reported as part of the District's reporting entity. The District's share of annual operating costs for LCCTC fluctuates, based upon the percentage of enrollment of each member school district. The amount paid for these services for the year ended June 30, 2024, was approximately \$1,459,078. Complete general purpose financial statements for LCCTC can be obtained from the Administrative Office at 1730 Hans Herr Drive, P.O. Box 527, Willow Street, PA 17584.

Lancaster County Career and Technology Center Authority: The District is also a member of the Lancaster County Career and Technology Center Authority (LCCTC Authority). In 1968, the LCCTC Authority entered into an agreement with the member school districts and the Career and Technology Center Board to acquire land and construct buildings to provide the facilities for the operation of LCCTC. In 1995, the LCCTC Authority entered into an additional agreement with the same parties to provide funding for the upgrading and modernization of the LCCTC facilities. In 1998, the LCCTC Authority entered into an additional agreement with the member school districts and the LCCTC Authority Board to advance refund the LCCTC Authority's 1995 bonds. The District has an ongoing financial responsibility to the LCCTC Authority for a portion of the debt obligation relating to these improvements. The District's lease payment to the LCCTC Authority for the year ended June 30, 2024, was \$92,481, which has been reported in the District's general fund. Complete general purpose financial statements for the LCCTC Authority can be obtained from the Administrative Office at 1730 Hans Herr Drive, P.O. Box 527, Willow Street, PA 17584.

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

ELIZABETHTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

B. Joint Ventures (Continued)

Lancaster County Career and Technology Center Authority (Continued):

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

| Years | Amount |
|-----------|-------------------|
| 2024 | \$ 71,892 |
| 2025 | 72,268 |
| 2026 | 71,776 |
| 2027 | 71,346 |
| 2028 | 71,360 |
| 2029-2033 | 353,290 |
| 2034-2037 | 210,890 |
| | <u>\$ 922,822</u> |

Lancaster-Lebanon Joint Authority: The District is a member of the Lancaster-Lebanon Joint Authority (Authority). The Authority was incorporated on February 14, 1980, under the Municipality Authorities Act of 1945, Act of May 2, 1945, P. L. 382, as amended, by the Boards of School Directors of the 22 school districts located in Lancaster and Lebanon counties. The school districts established the Authority for the purposes of acquiring, holding, constructing, improving, maintaining, operating, owning and/or leasing projects for public school purposes and for the purposes of the Lancaster-Lebanon Intermediate Unit 13. The Authority is not reported as part of the District's reporting entity. The District did not have any financial transactions with the Authority during the year ended June 30, 2024. Complete general purpose financial statements for the Authority can be obtained from the Administrative Office at 1020 New Holland Pike, Lancaster, PA 17601.

Lancaster-Lebanon Intermediate Unit: The Lancaster-Lebanon Intermediate Unit (LLIU) Board of Directors consists of 22 members from the IU's constituent school districts. The LLIU Board members are school district board members who are elected by the public and are appointed to the LLIU Board by the member school districts' boards of directors. Elizabethtown Area School District is responsible for appointing one of these members. The LLIU Board has decision-making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. Elizabethtown Area School District contracts with the LLIU for special education services for District students. The amount paid for services for the year ended June 30, 2024, was \$4,045,307. Complete financial information for LLIU can be obtained from the Administrative Office at 1020 New Holland Pike, Lancaster, PA 17601.

Lancaster County Academy: The District participates with 11 other school districts in Lancaster County. Each public school district appoints one member to serve on the joint operating committee. As a member school district, each school district has an ongoing financial responsibility to fund the operations of Lancaster County Academy (Academy). The District's portion of the operating expenditures for the year ended June 30, 2024, was \$52,450. Complete financial information for the Academy can be obtained from the Administrative Office at 1202 Park City Center, Lancaster, PA 17601.

ELIZABETHTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

B. Joint Ventures (Continued)

Lancaster County Tax Collection Bureau: The District participates with 17 other school districts and the municipalities represented by those school districts for the collection of earned income taxes. Each public school district appoints one member to serve on the joint operating committee and 17 members are appointed by the participating municipalities. The Lancaster County Tax Bureau (Bureau)'s operating expenditures are deducted from the distributions which are made monthly. The District's portion of the operating expenditures for the year ended June 30, 2024, was \$70,281. Complete financial information for the Bureau can be obtained from the Administrative Office at 1845 William Penn Way, Lancaster, PA 17601.

C. Basis of Presentation - Fund Accounting

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

D. Basis of Presentation - Government-Wide Financial Statements

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

The government-wide financial statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

ELIZABETHTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Basis of Presentation - Fund Financial Statements

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

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

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

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

The District reports the following major governmental funds:

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

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

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

The District reports the following proprietary funds:

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

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

ELIZABETHTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

F. Budgetary Accounting and Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration and project control in the general fund. As of June 30, 2024, the District had no encumbrances.

G. Basis of Accounting

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

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

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

Under the modified accrual basis, the following revenue sources are considered susceptible to accrual at year end: property taxes, tuition, grants and entitlements, student fees and interest on investments. Current property taxes measurable at June 30, 2024, which are not intended to finance fiscal 2024 operations, have been recorded as deferred inflows of resources. Delinquent property taxes measurable and available (received within 60 days) are recognized as revenues at year end.

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

ELIZABETHTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

G. Basis of Accounting (Continued)

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

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

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

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

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

ELIZABETHTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

Inventories in governmental funds represent the estimated cost using the first-in/first-out (FIFO) method of supplies on hand at June 30, 2024. The costs of inventory items are recorded as expenditures in the governmental funds when purchased. The inventory cost has been recorded as an asset in the governmental funds.

Inventories in the food service fund represent the cost using the first-in/first-out (FIFO) method of food and supplies on hand at June 30, 2024, including the value of commodities donated by the federal government. Any unused commodities donated by the federal government are reported as deferred revenue until used.

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

ELIZABETHTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

ELIZABETHTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

ELIZABETHTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

Other Post-employment Benefits (OPEB):

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

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

ELIZABETHTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

| | Governmental Activities | Business-Type Activities | Total |
|---------------------------------------|----------------------------|-----------------------------|---------------------|
| OPEB Liabilities | | | |
| District's Single Employer Plan | \$ 3,042,228 | \$ 21,446 | \$ 3,063,674 |
| PSERS Cost-Sharing Plan | 3,397,000 | 24,000 | 3,421,000 |
| Total | <u>\$ 6,439,228</u> | <u>\$ 45,446</u> | <u>\$ 6,484,674</u> |
| Deferred Outflows of Resources | | | |
| District's Single Employer Plan | \$ 1,702,966 | \$ 12,005 | \$ 1,714,971 |
| PSERS Cost-Sharing Plan | 1,110,200 | 7,800 | 1,118,000 |
| Total | <u>\$ 2,813,166</u> | <u>\$ 19,805</u> | <u>\$ 2,832,971</u> |
| Deferred Inflows of Resources | | | |
| District's Single Employer Plan | \$ 2,663,118 | \$ 18,773 | \$ 2,681,891 |
| PSERS Cost-Sharing Plan | 1,342,500 | 9,500 | 1,352,000 |
| Total | <u>\$ 4,005,618</u> | <u>\$ 28,273</u> | <u>\$ 4,033,891</u> |

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

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

ELIZABETHTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

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

ELIZABETHTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

I. New Accounting Pronouncements

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

Following are descriptions of significant pronouncements that were considered or initially selected during the year ended June 30, 2024:

GASB Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*, defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections in previously issued financial statements.

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

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

GASB Statement No. 102, *Certain Risk Disclosures*, will be effective for the District beginning with its year ending June 30, 2025 (fiscal year beginning after June 15, 2024). This Statement establishes financial reporting requirements to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

GASB Statement No. 103, *Financial Reporting Model Improvements*, will be effective for the District beginning with its year ending June 30, 2026 (fiscal years beginning after June 15, 2025). This Statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement addresses requirements relating to management's discussion and analysis, unusual or infrequent items, presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position, major component unit information and budgetary comparison information.

ELIZABETHTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

I. New Accounting Pronouncements (Continued)

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, will be effective for the District beginning with its year ending June 30, 2026 (fiscal years beginning after June 15, 2025). This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures. Lease assets, subscription assets, intangible right-to-use assets and intangible assets should be disclosed separately by major class of underlying asset within the note disclosures. This Statement also requires additional disclosures for capital assets held for sale.

The effects of implementation of these standards have not yet been determined.

J. Other

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

Subsequent Events: In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through February 5, 2025, the date the financial statements were available to be issued.

ELIZABETHTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments

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

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

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

Deposits: Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. A summary of the District's deposits at June 30, 2024, are shown below:

| | Carrying Amount | Bank Balance | Financial Institution |
|--|---------------------|---------------------|--------------------------|
| Insured (FDIC) | \$ 250,000 | \$ 250,000 | Mid Penn |
| Uninsured, collateralized in accordance with Act 72 | 1,393,363 | 1,497,459 | |
| | <u>\$ 1,643,363</u> | <u>\$ 1,747,459</u> | |

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

ELIZABETHTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Investments

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

At June 30, 2024, the District had the following investments:

| | Credit Rating | Weighted Avg. Maturity in Years | Carrying Value |
|--|---------------|---------------------------------|----------------|
| <hr/> | | | |
| Pennsylvania School District Liquid Asset Fund | | | |
| PSDMAX | AAAm | 0.142 | \$ 6,653,018 |
| PSDLAF Full Flex Pool | NA | Various | 26,331,514 |
| PSDLAF Collateralized CD Pool Term | NA | NA | 1,000,000 |
| PSDLAF US Treasury Bill | NA | NA | 6,998,484 |
| | | | <hr/> |
| | | | \$ 40,983,016 |
| | | | <hr/> |

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

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

The PSDLAF Full Flex Pool, as part of the Fixed-Term Series at PSDLAF, are fixed-term investments collateralized in accordance with Act 72 and invests in assets listed above as permitted under Section 440.1 of the Public School Code of 1949. The Fixed-Term Series are fixed-term investment vehicles with maturities depending upon the maturity date of each particular Fixed-Term Series. All investments in a Fixed-Term Series by a Settlor are intended to be deposited for the full term of the particular Fixed-Term Series; however, participants in the full flex pool may remove funds without early withdrawal penalty. Whether a Fixed-Term Series has only one Settlor or more than one Settlor participating in it, each certificate of deposit in which the monies in such Fixed-Term Series are invested is registered in the name of that particular Fixed-Term Series.

ELIZABETHTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Investments (Continued)

Certificates of Deposit used for Fixed-Term Series (i) are normally in principal amounts in excess of the FDIC insurance limit of \$250,000, (ii) are collateralized in accordance with law and (iii) the collateral is held by a third-party custodian pursuant to a custody agreement among the Fund, the bank that issues the Certificate of Deposit and the third-party custodian. In some instances, the collateral consists of an Irrevocable Letter of Credit issued by the applicable Federal Home Loan Bank. At present, The Bank of New York serves as the third-party custodian with respect to all such collateralized Certificates of Deposit.

Permitted Investments (other than Certificates of Deposit) such as U.S. Treasury or Agency securities in which monies in which a Fixed-Term Series are invested are registered in the name or names of the Settlor or Settlers for which the Fixed-Term Series was created, and the security is held in custody by a third party custodian pursuant to a custody agreement between the Investment Adviser and the third party custodian. At present, US Bank National Association, Minneapolis, Minnesota serves as the third-party custodian with respect to all such securities. The District reports these nonparticipating contracts, as nonnegotiable Certificates of Deposit with redemption terms that do not consider market rates, using a cost-based measure, provided that the fair value of those contracts is not significantly affected by the impairment of the credit standing of the issuer or other factors consistent with GASB Statement No. 31.

The PSDLAF collateralized CD Pool are Fixed Term Series investments collateralized in accordance with Act 72 and invests in certificates of deposit in the name of PSDLAF. The District reports these nonparticipating contracts, as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, using a cost-based measure, provided that the fair value of those contracts is not significantly affected by the impairment of the credit standing of the issuer or other factors consistent with GASB Statement No. 31. The fund will invest in FDIC insured institutions only on a fully collateralized basis in accordance with Section 440.1 of the Public School Code or in amounts that will result in full insurance in accordance with the regulations of the FDIC as interpreted by the FDIC from time to time. Currently under these regulations, Settlers' deposits in each insured institution are insured up to \$250,000 in the aggregate, regardless of whether the deposits are made through the Fund or directly by a Settlor. All investments are intended to be deposited for the full term of the particular Fixed Term Series.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Presently, the investments currently held by the District are valued at amortized cost and are not subject to the fair value categorization disclosures.

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

ELIZABETHTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Investments (Continued)

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

Concentration of Credit Risk: The District places no limit on the amount they may invest in any one issuer. At June 30, 2024, the District does not have any concentration of credit risk in its investments.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The District has no investments which are subject to custodial credit risk at June 30, 2024.

Note 3. Real Estate Taxes

Based upon assessments provided by the County, the District bills and collects its own property taxes. The District tax rate for the year ended June 30, 2024, was 19.1671 mills as levied by the Board of School Directors. The schedule for real estate taxes levied for the fiscal year ended June 30, 2024, follows:

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

Note 4. Taxes Receivable and Deferred Taxes

The District, in accordance with accounting principles generally accepted in the United States of America, recognizes delinquent and unpaid taxes receivable. All taxes are determined to be collectible. A portion of the receivable amount which was measurable and available within 60 days was recognized as revenue and the balance deferred in the fund financial statements. The balances at June 30, 2024, are as follows:

| | Gross Taxes Receivable | Revenue Recognized | Deferred Taxes |
|-----------------------|---------------------------|-----------------------|-------------------|
| Real Estate Taxes | \$ 403,373 | \$ 339,090 | \$ 279,950 |
| Earned Income Taxes | 841,315 | 841,315 | - |
| Realty Transfer Taxes | 172,160 | 172,160 | - |
| | <u>\$ 1,416,848</u> | <u>\$ 1,352,565</u> | <u>\$ 279,950</u> |

ELIZABETHTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 5. Interfund Activity

Interfund balances are as follows at June 30, 2024:

| Fund | Interfund Receivables | Interfund Payables |
|-----------------------|--------------------------|-----------------------|
| Governmental Fund | | |
| General Fund | \$ 541,427 | \$ 3,603,892 |
| Capital Projects Fund | 3,970,703 | 392,002 |
| Proprietary Fund | | |
| Food Service | 24,669 | 82,792 |
| Internal Service Fund | - | 444,115 |
| Fiduciary Fund | | |
| Scholarship Fund | - | 1,750 |
| Student Activity Fund | - | 12,248 |
| | \$ 4,536,799 | \$ 4,536,799 |

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

Interfund transfers were as follows at June 30, 2024:

| Fund | Transfers In | Transfers Out |
|-----------------------|--------------|---------------|
| Governmental Fund | | |
| General Fund | \$ - | \$ 5,500,000 |
| Capital Projects Fund | 5,891,481 | 391,481 |
| | \$ 5,891,481 | \$ 5,891,481 |

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

ELIZABETHTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 6. Due from Other Governments

Amounts due from other governments represent receivables for revenues earned by the District. At June 30, 2024. The following amounts are due from other governmental units:

| | Governmental Activities | Business-Type Activities |
|----------------------------|----------------------------|-----------------------------|
| Local | \$ 236,389 | \$ - |
| PA Department of Education | | |
| Social Security | 342,207 | - |
| Retirement | 1,629,321 | - |
| Other | 212,664 | 3,319 |
| Federal Grants | 158,411 | 14,983 |
| | <u>\$ 2,578,992</u> | <u>\$ 18,302</u> |

ELIZABETHTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 7. Capital Assets

Capital and right-to-use asset activity for governmental and business-type activities for the year ended June 30, 2024, was as follows:

| | July 1, 2023 | Additions | Deletions | June 30, 2024 |
|---|-----------------|--------------|--------------|------------------|
| Governmental Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 1,025,213 | \$ - | \$ - | \$ 1,025,213 |
| Construction-in-progress | 440,799 | 8,221,560 | - | 8,662,359 |
| Total cost | 1,466,012 | 8,221,560 | - | 9,687,572 |
| Capital and right-to-use assets being depreciated/amortized | | | | |
| Land improvements | 6,581,075 | - | (1,099,105) | 5,481,970 |
| Buildings and building improvements | 95,948,893 | - | (205,215) | 95,743,678 |
| Furniture and Equipment | 6,220,196 | 76,826 | (1,217,131) | 5,079,891 |
| Vehicles | 614,440 | - | (97,446) | 516,994 |
| Right-to-use leased equipment | 247,116 | - | - | 247,116 |
| Right-to-use subscription assets | 548,681 | 152,069 | - | 700,750 |
| Total Cost | 110,160,401 | 228,895 | (2,618,897) | 107,770,399 |
| Accumulated depreciation/amortization: | | | | |
| Land Improvements | 3,881,482 | 240,257 | (876,252) | 3,245,487 |
| Buildings and improvements | 40,167,158 | 3,904,763 | (103,733) | 43,968,188 |
| Furniture and equipment | 3,502,267 | 271,971 | (950,066) | 2,824,172 |
| Vehicles | 350,557 | 40,796 | (97,188) | 294,165 |
| Right-to-use leased equipment | 37,067 | 49,423 | - | 86,490 |
| Right-to-use subscription assets | 77,621 | 124,086 | - | 201,707 |
| Total accumulated depreciation/amortization | 48,016,152 | 4,631,296 | (2,027,239) | 50,620,209 |
| Total capital and right-to-use assets being depreciated/amortized, net | 62,144,249 | (4,402,401) | (591,658) | 57,150,190 |
| Total Governmental Activities, Capital and Right-to-Use Assets - Net | \$ 63,610,261 | \$ 3,819,159 | \$ (591,658) | \$ 66,837,762 |
| Business-Type Activities | | | | |
| Capital assets being depreciated | | | | |
| Equipment | \$ 107,262 | \$ 43,661 | \$ - | \$ 150,923 |
| Accumulated Depreciation | | | | |
| Equipment | 77,910 | 3,439 | - | 81,349 |
| Net Capital Assets | \$ 29,352 | \$ 40,222 | \$ - | \$ 69,574 |

ELIZABETHTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 7. Capital Assets (Continued)

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

| | Amount |
|---|----------------------------|
| Governmental Activities | |
| Instructional Programs | \$ 3,336,907 |
| Instructional student support | 458,193 |
| Administration and financial services | 549,373 |
| Operation and maintenance of plant services | 192,763 |
| Transportation | 13,728 |
| Student activities | 80,156 |
| Community services | 177 |
| Total governmental activities | <u>4,631,297</u> |
| Business-Type Activities | |
| Food service | 3,439 |
| Total District | <u><u>\$ 4,634,736</u></u> |

Note 8. Accrued Salaries and Benefits

At June 30, 2024, the District was liable for payroll and benefits payable during July and August 2024 to those employees who have a ten-month contract but are paid over a twelve-month period, to non-salaried employees who performed services through June 30, 2024, and to retiring professional employees who are receiving a payout of their accumulated compensated absences and service stipends. The liability also includes accrued retirement which represents the PSERS contribution for the second quarter of the calendar year 2024.

Note 9. Unearned Revenues

Unearned revenue in the general fund consists of student activities funding, and grant funding, received, but not yet earned of \$96,855 as of June 30, 2024.

Unearned revenue in the food service fund consists of prepaid lunch sales of \$25,137 as of June 30, 2024.

ELIZABETHTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 10. Long-Term Debt

Long-term obligation activity is summarized as follows:

| | July 1, 2023 | Increases | Decreases | June 30, 2024 | Due within one year |
|-----------------------------------|-----------------|---------------|----------------|------------------|------------------------|
| Governmental Activities: | | | | | |
| General obligation debt | \$ 47,765,000 | \$ 15,000,000 | \$ (3,290,000) | \$ 59,475,000 | \$ 3,525,000 |
| Bonds premiums (discounts) | 1,665,501 | 1,485,106 | (277,439) | 2,873,168 | - |
| Total | 49,430,501 | 16,485,106 | (3,567,439) | 62,348,168 | 3,525,000 |
| Compensated absences (see Note 1) | 2,149,714 | 167,571 | - | 2,317,285 | - |
| Leases payable | 215,007 | - | (45,342) | 169,665 | 48,412 |
| Subscription liability | 464,287 | 100,205 | (71,662) | 492,830 | 122,809 |
| Total governmental activities | \$ 52,259,509 | \$ 16,752,882 | \$ (3,684,443) | \$ 65,327,948 | \$ 3,696,221 |

Currently, the District has general obligation debt with interest rates and outstanding principal amounts at June 30, 2024, as follows:

| Issue | Final Maturity | Interest Rates | Principal Outstanding June 30, 2024 | Balance Due Within One Year |
|------------------|-------------------|-------------------|---|--------------------------------|
| Series 2019 | Feb 2025 | 2.00% - 4.00% | \$ 3,740,000 | \$ 2,400,000 |
| Series A of 2019 | Aug 2043 | 1.20% - 4.00% | 9,055,000 | 5,000 |
| Series of 2020 | Nov 2030 | .64% - 4.00% | 7,715,000 | 55,000 |
| Series A of 2020 | Nov 2030 | .52% - 4.00% | 6,695,000 | 25,000 |
| Series of 2021 | Nov 2032 | .25% - 3.00% | 4,910,000 | 90,000 |
| Series A of 2021 | Nov 2039 | .25% - 4.00% | 3,205,000 | 555,000 |
| Series of 2022 | Nov 2039 | 2.00% - 4.00% | 9,155,000 | 395,000 |
| Series of 2024 | Nov 2040 | 3.25% - 5.00% | 15,000,000 | - |
| | | | \$ 59,475,000 | \$ 3,525,000 |

General Obligation Debt

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

General Obligation Bonds - Series of 2024 - On June 4, 2024, the District issued general obligation bonds, Series of 2024, in the amount of \$15,000,000. The purpose of the bonds was for various capital projects and paying costs and expense of issuing bonds. The bonds bear interest rates ranging from 3.25% to 5.00% with principal maturities from \$5,000 to \$2,990,000 each November 15 through 2041.

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

ELIZABETHTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 10. Long-Term Debt (Continued)

General Obligation Debt (Continued)

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

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

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

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

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

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

ELIZABETHTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 10. Long-Term Debt (Continued)

General Obligation Debt (Continued)

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

| Year ending June 30, | Bonds | | Minimum Debt Service |
|----------------------|----------------------|----------------------|-------------------------|
| | Principal | Interest | |
| 2025 | \$ 3,525,000 | \$ 1,867,177 | \$ 5,392,177 |
| 2026 | 3,750,000 | 1,788,169 | 5,538,169 |
| 2027 | 2,775,000 | 1,688,250 | 4,463,250 |
| 2028 | 2,845,000 | 1,617,025 | 4,462,025 |
| 2029 | 2,905,000 | 1,556,438 | 4,461,438 |
| 2030-2034 | 14,400,000 | 6,704,913 | 21,104,913 |
| 2035-2039 | 16,225,000 | 4,273,650 | 20,498,650 |
| 2040-2044 | 13,050,000 | 1,091,925 | 14,141,925 |
| | <u>\$ 59,475,000</u> | <u>\$ 20,587,547</u> | <u>\$ 80,062,547</u> |

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

Interest costs incurred during the year ended June 30, 2024 were \$1,281,854, all of which was charged to expense.

Leases Payable

The District leases equipment for the District’s operations. The term is for five years. The District’s equipment lease contains scheduled monthly payments, through 2028. Leases payable are completely funded by the general fund.

The following is a schedule of future minimum lease payments for the lease with an initial or remaining term in excess of one year as of June 30, 2024:

| Year ending June 30, | Principal | Interest | Total |
|----------------------|-------------------|------------------|-------------------|
| 2025 | \$ 48,412 | \$ 9,706 | \$ 58,118 |
| 2026 | 51,690 | 6,428 | 58,118 |
| 2027 | 55,191 | 2,928 | 58,119 |
| 2028 | 14,372 | 158 | 14,530 |
| | <u>\$ 169,665</u> | <u>\$ 19,220</u> | <u>\$ 188,885</u> |

ELIZABETHTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 10. Long-Term Debt (Continued)

Subscription Based Information Technology Arrangements

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

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

The following is a schedule of future minimum subscription liability payments for agreements with initial or remaining terms in excess of one year as of June 30, 2024:

| <u>Year ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|-------------------|------------------|-------------------|
| 2025 | \$ 122,809 | \$ 13,450 | \$ 136,259 |
| 2026 | 67,902 | 10,634 | 78,536 |
| 2027 | 17,731 | 8,941 | 26,672 |
| 2028 | 18,255 | 8,416 | 26,671 |
| 2029 | 18,796 | 7,876 | 26,672 |
| 2030-2034 | 102,658 | 30,699 | 133,357 |
| 2035-2039 | 118,774 | 14,823 | 133,597 |
| 2040 | 25,905 | 766 | 26,671 |
| | <u>\$ 492,830</u> | <u>\$ 95,605</u> | <u>\$ 588,435</u> |

ELIZABETHTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 11. Defined-Benefit Pension Plan

Plan Description

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

Benefits Provided

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

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

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

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

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

ELIZABETHTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 11. Defined-Benefit Pension Plan (Continued)

Contributions

Member Contributions:

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

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

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

Employer Contributions:

The District’s contractually required contribution rate for the fiscal year ended June 30, 2024, was 33.36% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Included in the District’s contractually required contribution rate is the Act 5 contribution rate totaling an estimated 0.27%.

The District is required to pay the entire contribution and will be reimbursed by the Commonwealth in an amount equal to the Commonwealth’s share as determined by the income aid ratio (as defined in Act 29 of 1994), which is at least one-half of the total District’s rate. The District’s contributions to the Plan, relating to pension benefits, for the year ended June 30, 2024, was \$9,994,657, and is equal to the required contribution for the year. For the year ended June 30, 2024, the District recognized gross retirement subsidy revenue from the Commonwealth in the amount of \$5,066,232.

ELIZABETHTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 11. Defined-Benefit Pension Plan (Continued)

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

At June 30, 2024, the District reported a liability of \$84,124,000 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 District’s proportion of the net pension liability was calculated utilizing the employer’s one-year reported contributions as it relates to the total one-year reported covered payroll. At June 30, 2024, the District’s reported proportion was 0.1891%, which was a decrease of 0.0026% from its proportion reported as of June 30, 2023.

For the year ended June 30, 2024, the District recognized pension expense of \$7,468,000. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 19,000 | \$ 1,152,000 |
| Changes in assumptions | 1,255,000 | - |
| Net difference between projected and actual investment earnings | 2,381,000 | - |
| Changes in proportions | 5,739,000 | 7,756,000 |
| Difference between employer contributions and proportionate share of total contributions | - | - |
| Contributions subsequent to the measurement date | 9,995,000 | - |
| | <u>\$ 19,389,000</u> | <u>\$ 8,908,000</u> |

\$9,995,000 is reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | Amount |
|------|-------------------|
| 2025 | \$ 2,840,000 |
| 2026 | (5,389,000) |
| 2027 | 2,240,000 |
| 2028 | 795,000 |
| 2029 | - |
| | <u>\$ 486,000</u> |

ELIZABETHTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 11. Defined-Benefit Pension Plan (Continued)

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 to June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation Date - June 30, 2022
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 7.00%, includes inflation at 2.50%.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2022 and as of June 30, 2023.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021, 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 Scale.

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

ELIZABETHTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 11. Defined-Benefit Pension Plan (Continued)

Investments

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by 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% |
| Private equity | 12.0% | 7.9% |
| Fixed income | 33.0% | 3.2% |
| Commodities | 7.5% | 2.7% |
| Infrastructure/MLPs | 10.0% | 5.4% |
| Real estate | 11.0% | 5.7% |
| Absolute return | 4.0% | 4.1% |
| Cash | 3.0% | 1.2% |
| Leverage | -10.5% | 1.2% |
| | <u>100.0%</u> | |

For the year ended June 30, 2023, the annual money weighted rate of return on pension plan investments, net of pension plan investment expense, was 3.54%. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

ELIZABETHTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 11. Defined-Benefit Pension Plan (Continued)

Discount Rate

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

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

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

| | 1% Decrease 6.00% | Current Discount Rate 7.00% | 1% Increase 8.00% |
|---|----------------------|--------------------------------|----------------------|
| District's proportionate share of the net pension liability | \$ 109,048,000 | \$ 84,124,000 | \$ 63,096,000 |

Pension Plan Fiduciary Net Position

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

Plan Payables

At June 30, 2024, the District reported a payable to PSERS of \$3,983,929, which represents the employer contributions owed to the pension plan.

ELIZABETHTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

Plan Description

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

| GROUP | ELIGIBILITY | COVERAGE AND PREMIUM SHARING | DURATION |
|----------------------|--|------------------------------|--|
| ALL EMPLOYEES | Act 110/43 | Act 110/43 | Member can continue coverage until Medicare age. Spouse can continue coverage until earlier of member or spouse Medicare age. |
| <i>Notes:</i> | <p>Act 110/43 Eligibility: All employees are eligible for this benefit upon retirement with 30 years of PSERS service or upon superannuation retirement.</p> <p>Act 110/43 Coverage and Premium Sharing: Retired employees are allowed to continue coverage for themselves and their dependents in the employer’s group health plan until the retired employee reaches Medicare age. In order to obtain coverage, retired employees must provide payment equal to the premium determined for the purpose of COBRA.</p> <p>PSERS Superannuation Retirement:</p> <p>1) Pension Class T-C or T-D: An employee is eligible for PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS service, age 62 with year of PSERS service or 35 years of PSERS service regardless of age. In general, these pension classes apply too individuals who where members of PSERS prior to July 1, 2011.</p> <p>2) Pension Class T-E or T-F: An employee is eligible for PSERS superannuation retirement upon reaching age 65 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 92 with a minimum of 35 years of PSERS service. In general, these pension classes apply to individuals who become members of PSERS on or after July 1, 2011 and prior to July 1, 2019.</p> <p>3) Pension Class T-G: An employee is eligible for PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 97 with a minimum of 35 years of PSERS service. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.</p> <p>4) Pension Class T-H: An employee is eligible for PSERS superannuation retirement upon reaching age 67 with 3 years if PSERS service. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.</p> | | |

ELIZABETHTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

Employees Covered by the Benefit Terms

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

| | |
|--|-----|
| Inactive Employees or Beneficiaries Currently Receiving Benefits | 24 |
| Inactive Employees Entitled to but not yet Receiving Benefits | - |
| Active Employees | 382 |
| | 406 |
| | 406 |

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

At June 30, 2024, the District's reported a liability of total OPEB liability of \$3,063,674 for the total OPEB liability. The total OPEB liability was measured as of July 1, 2023, and was determined by an actuarial valuation as of July 1, 2022. The OPEB liability is composed of the following:

| | Amount |
|--|--------------|
| Total OPEB Liability, beginning | \$ 2,461,010 |
| Changes for the year | |
| Service cost | 117,866 |
| Interest | 101,720 |
| Changes of benefit terms | - |
| Differences between expected and actual experience | 476,469 |
| Changes in assumptions | 42,211 |
| Benefit payments | (135,602) |
| Other Changes | - |
| Net Changes | 602,664 |
| Total OPEB Liability, ending | \$ 3,063,674 |

For the year ended June 30, 2024, the District recognized OPEB expense of \$183,747. At June 30, 2024, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Difference between expected and actual experience | \$ 439,818 | \$ 1,907,155 |
| Changes in assumptions | 1,124,191 | 774,736 |
| Benefit payments subsequent to the measurement date | 150,962 | - |
| | \$ 1,714,971 | \$ 2,681,891 |
| | \$ 1,714,971 | \$ 2,681,891 |

ELIZABETHTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

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

Of the total amount reported as deferred outflows of resources related to OPEB, \$150,962 resulting from District benefit payments subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

| <u>Year ending June 30:</u> | <u>Total</u> |
|-----------------------------|------------------------------|
| 2025 | \$ (35,839) |
| 2026 | (35,839) |
| 2027 | (35,839) |
| 2028 | (51,494) |
| 2029 | (143,661) |
| Thereafter | (815,210) |
| | <u><u>\$ (1,117,882)</u></u> |

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2022, following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

- Inflation - 2.5%.
- Salary Increases - 2.5% cost of living adjustment, 1.5% real wage growth and for teachers and administrators a merit increase which varies by age from 2.75 to 0%.
- Investment rate of return - 4.13%. Based on S&P Municipal Bond 20-year High Grade Rate Index at 7/1/2023.
- Health care cost trend rate - 7.0% in 2023, 6.5% in 2024, 6.0% in 2025, and 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.
- Retirees' Share of Benefit Related Costs - Retiree contributions are assumed to increase at the same rate as Health Care Cost Trend Rate.
- Mortality Rates: PubT-2010 headcount-weighted mortality table including rates for contingent survivors for teachers. PubG-2010 headcount-weighted mortality table including rates for contingent survivors for all other employees. Incorporated into the table are rates projected generationally using Scall MP-2021 to reflect mortality improvements.

ELIZABETHTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

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

The following presents the total OPEB liability of the District calculated using the discount rate of 4.13%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13%) or one percentage higher (5.13%) than the current rate:

| | 1% Decrease 3.13% | Current Discount Rate 4.13% | 1% Increase 5.13% |
|----------------------|----------------------|--------------------------------|----------------------|
| Total OPEB liability | \$ 3,292,177 | \$ 3,063,674 | \$ 2,847,803 |

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

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

The following presents the total OPEB liability of the District calculated using the health care cost trend rate of (5.5% in 2020 decreasing to 4.1% in 2075), as well as what the total OPEB liability would be if it were calculated using a health care cost trend rate that is one-percentage point lower or one-percentage higher than the current rate:

| | 1% Decrease | Current Trend Rate | 1% Increase |
|----------------------|----------------|-----------------------|----------------|
| Total OPEB liability | \$ 2,751,921 | \$ 3,063,674 | \$ 3,429,324 |

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

Plan Description

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

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

ELIZABETHTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

Plan Description (Continued)

Effective January 1, 2002, under the provisions of Act 9 of 2001, eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2023, there were no assumed future benefit increases to participating eligible retirees.

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

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age.

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

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

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program.

Employer Contributions

The Districts' contractually required contribution rate for the fiscal year ended June 30, 2024, was 0.64% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$191,744 for the year ended June 30, 2024.

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

At June 30, 2024, the District reported a liability of \$3,421,000 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 relates to the total one-year reported covered payroll. At June 30, 2024, the District's reported proportion was 0.1891%, which was a decrease of 0.0026% from its proportion reported as of June 30, 2023.

ELIZABETHTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

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

For the year ended June 30, 2024, the District recognized OPEB expense of (\$132,200). 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 |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 22,000 | \$ 34,000 |
| Changes in assumptions | 296,000 | 647,000 |
| Net difference between projected and actual investment earnings | 8,000 | - |
| Changes in proportion | 600,000 | 671,000 |
| Difference between employer contributions and proportionate share of total contributions | - | - |
| Contributions subsequent to the measurement date | 192,000 | - |
| | <u>\$ 1,118,000</u> | <u>\$ 1,352,000</u> |

\$192,000 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year ending June 30: | Amount |
|----------------------|---------------------|
| 2025 | \$ (81,000) |
| 2026 | (114,000) |
| 2027 | (135,000) |
| 2028 | (81,000) |
| 2029 | (15,000) |
| | <u>\$ (426,000)</u> |

ELIZABETHTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

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:

- Valuation Date - June 30, 2022
- 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 4.5%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
 - Eligible retirees will elect to participate Pre age 65 at 50%
 - Eligible retirees will elect to participate Post age 65 at 70%
- The discount rate used to measure the total OPEB liability increased from 4.09% as of June 30, 2022, to 4.13%, as of June 30, 2023.

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study that was performed for the five-year period 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: The actual data for retirees benefiting under the Plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

ELIZABETHTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

Investments

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

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

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|--------------------|--------------------------|---|
| Cash | 100.0% | 1.20% |
| | <u>100.0%</u> | |

The above was the Board’s adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class of June 30, 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, the OPEB plan’s fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a “pay-as-you-go” plan. A discount rate of 4.13% 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.

ELIZABETHTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

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

The following presents the District’s proportionate share of the net OPEB liability, calculated using the discount rate of 4.13%, as well as what the District’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13%) or one percentage point higher (5.13%) than the current discount rate:

| | 1% Decrease 3.13% | Current Discount Rate 4.13% | 1% Increase 5.13% |
|--|----------------------|--------------------------------|----------------------|
| District's proportionate share of the net OPEB liability | \$ 3,868,000 | \$ 3,421,000 | \$ 3,047,000 |

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

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

| | 1% Decrease | Current Trend Rate | 1% Increase |
|--|----------------|-----------------------|----------------|
| District's proportionate share of the net OPEB liability | \$ 3,421,000 | \$ 3,421,000 | \$ 3,422,000 |

OPEB Plan Fiduciary Net Position

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

Plan Payables

At June 30, 2024, the District reported a payable to PSERS of \$76,430, which represents the employer contributions owed to the OPEB plan.

ELIZABETHTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 14. Risk Management

Health Insurance

The District self-insures medical and prescription benefits for eligible employees and their dependents. The claims for these self-insured benefits are processed by the District's third-party administrator. The District remits funds to the third-party administrator. The third-party administrator invoices the District weekly for paid claims. The District was limited in liability to \$195,000 per individual and \$6,034,570 in total for medical and prescription claims for the year ended June 30, 2024. The District has recorded a liability for claims incurred prior to June 30, 2024, and paid subsequently in the amount of \$689,938.

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

The change in claim aggregate claim liabilities are as follows:

| | June 30, 2024 | June 30, 2023 |
|---|-------------------|-------------------|
| Claim Liability - Beginning of the Year | \$ 738,573 | \$ 861,710 |
| Current Year Claims and Change in Estimates | 7,484,228 | 6,528,118 |
| Claim Payments by School District | (7,532,862) | (6,651,255) |
| Claim Liability - End of the Year | <u>\$ 689,939</u> | <u>\$ 738,573</u> |

Worker's Compensation

The District is participating in the Lancaster-Lebanon Public Schools Workers' Compensation Fund (Fund) which is a cooperative voluntary trust arrangement for 16-member school districts and the Lancaster-Lebanon Intermediate Unit and the Lancaster County Academy. This agreement states that the District pays an annual premium to the Fund for the purpose of seeking prevention or lessening of claims due to injuries of employees of the members and pooling workers' compensation and occupational disease insurance risks, reserves, claims and losses, and providing self-insurance and reinsurance thereof. It is the intent of the members of the Fund that the Fund will utilize funds contributed by the members, which shall be held in trust by the Fund, to provide self-insurance and reimbursement to the members for their obligations to pay compensation as required under the Workers' Compensation Act and the Pennsylvania Occupational Disease Act and to purchase excess and aggregate insurance.

As of June 30, 2024, the District is not aware of any additional assessments relating to the Fund.

ELIZABETHAREA TOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 14. Risk Management (Continued)

Other Risks

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

The District fully insures dental benefits for employees electing coverage.

Note 15. Fund Balance Components

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

| | |
|--|------------------|
| General fund - nonspendable prepaid expenses | \$ 25,637 |
| General fund - nonspendable inventories | 48,272 |
| | <u>\$ 73,909</u> |

Restricted fund balance is restricted by a third party.

| | |
|---|----------------------|
| Capital projects fund - future capital projects as restricted by debt covenants | \$ 12,690,867 |
| Capital projects fund - restricted by commonwealth legislation | 9,011,686 |
| | <u>\$ 21,702,553</u> |

Committed fund balances represent fund balances that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. At June 30, 2024, the District has included the following as committed fund balances:

| | |
|------------------------|---------------------|
| Committed Fund Balance | <u>\$ 3,200,000</u> |
|------------------------|---------------------|

Assigned fund balance comprises amounts intended to be used by the government for specific purposes determined by the governing body or by an official or a body to which the governing body delegates the authority.

| | |
|--|---------------------|
| General fund - assigned for future facility improvements | \$ 3,100,000 |
| General fund - assigned for health fund/HSA increases | 1,900,000 |
| General fund - assigned for technology improvements/upgrades | 700,000 |
| General fund - assigned for cyber/charter school increases | 800,000 |
| | <u>\$ 6,500,000</u> |

ELIZABETHAREA TOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 16. Components of Net Position

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

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

Note 17. Commitments, Contingencies and Uncertainties

Grant Programs

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

Legal Matters

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

Transportation Contract

The District has entered into an agreement for the transportation of school pupils. This Agreement is for the period of June 17, 2024 to June 30, 2029. The contractor provides all equipment and labor necessary. The cost for the transportation services will be determined based on rate schedules included in the contract, which are subject to annual increases of 3% for the duration of the contract.

Collective Bargaining Agreement

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

Field House and Athletics Field Project

The District has entered into contracts related to the field house and athletics field project. As of June 20, 2024, the approximate cost remaining to complete the project is \$4,683,675.

ELIZABETHAREA TOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 18. Tax Abatements

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

For the year ended June 30, 2024, the District abated approximately \$571,000 of property taxes under these agreements.

Note 19. Payments in LIEU of Taxes

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

REQUIRED SUPPLEMENTARY INFORMATION

ELIZABETHTOWN AREA SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND
 Year Ended June 30, 2024

| | Budgeted Amounts | | Actual | Variance with Final Budget - Favorable (Unfavorable) |
|--|-----------------------|-----------------------|----------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Local sources | | | | |
| Real estate taxes | \$ 44,417,900 | \$ 44,417,900 | \$ 44,262,081 | \$ (155,819) |
| Other taxes | 6,032,180 | 6,032,180 | 6,153,137 | 120,957 |
| Investment earnings | 380,000 | 380,000 | 1,562,811 | 1,182,811 |
| Other revenue | 1,628,697 | 1,628,697 | 1,829,426 | 200,729 |
| Total local sources | 52,458,777 | 52,458,777 | 53,807,455 | 1,348,678 |
| State sources | 22,429,490 | 22,429,490 | 23,092,265 | 662,775 |
| Federal sources | 2,527,000 | 2,527,000 | 2,151,897 | (375,103) |
| Total revenues | 77,415,267 | 77,415,267 | 79,051,617 | 1,636,350 |
| Expenditures | | | | |
| Instructional services | | | | |
| Regular programs | 34,619,878 | 35,058,048 | 35,081,145 | (23,097) |
| Special programs | 12,437,145 | 12,437,145 | 13,263,826 | (826,681) |
| Vocational programs | 2,371,837 | 1,835,835 | 1,861,075 | (25,240) |
| Other instructional programs | 381,570 | 303,760 | 283,820 | 19,940 |
| Nonpublic school programs | - | - | 36,569 | (36,569) |
| Higher education program for secondary students | 2,500 | 2,500 | - | 2,500 |
| Pre-Kindergarten | 10,800 | 10,800 | 11,250 | (450) |
| Total instructional services | 49,823,730 | 49,648,088 | 50,537,685 | (889,597) |
| Support services | | | | |
| Pupil personnel | 3,277,299 | 3,450,421 | 3,787,727 | (337,306) |
| Instructional staff | 941,637 | 941,637 | 1,078,592 | (136,955) |
| Administrative | 3,896,082 | 3,896,082 | 3,920,300 | (24,218) |
| Pupil health | 829,561 | 832,081 | 1,035,679 | (203,598) |
| Business | 998,912 | 998,912 | 942,645 | 56,267 |
| Operation of plant and maintenance | 5,676,783 | 5,676,783 | 6,109,364 | (432,581) |
| Student transportation | 3,013,040 | 3,013,040 | 3,235,107 | (222,067) |
| Central support services | 1,924,962 | 1,924,962 | 1,881,009 | 43,953 |
| Other support services | 28,000 | 28,000 | 32,620 | (4,620) |
| Total support services | 20,586,276 | 20,761,918 | 22,023,043 | (1,261,125) |
| Non-instructional services | | | | |
| Student activities | 1,228,417 | 1,228,417 | 1,364,539 | (136,122) |
| Community service | 21,500 | 21,500 | 20,335 | 1,165 |
| Total non-instructional services | 1,249,917 | 1,249,917 | 1,384,874 | (134,957) |
| Capital outlay | 7,000,000 | 7,000,000 | 79,537 | 6,920,463 |
| Debt service | - | - | 4,714,367 | (4,714,367) |
| Total expenditures | 78,659,923 | 78,659,923 | 78,739,506 | (79,583) |
| Excess of revenues over expenditures | (1,244,656) | (1,244,656) | 312,111 | 1,556,767 |
| Other Financing Sources (Uses) | | | | |
| Transfers out | (5,271,854) | (5,271,854) | (5,500,000) | (228,146) |
| Refund of prior years' receipts | - | - | (363) | (363) |
| Refund of prior years' expenditures | 45,000 | 45,000 | 7,373 | (37,627) |
| Proceeds on sale of capital assets | - | - | 4,923 | 4,923 |
| Proceeds from leases and other right to use arrangement | - | - | 100,205 | 100,205 |
| Budgetary reserve | (500,000) | (500,000) | - | 500,000 |
| Total other financing sources (uses) | (5,726,854) | (5,726,854) | (5,387,862) | 338,992 |
| Net changes in fund balance | \$ (6,971,510) | \$ (6,971,510) | (5,075,751) | \$ 1,895,759 |
| Fund Balance - July 1, 2023 | | | 16,296,627 | |
| Fund Balance - June 30, 2024 | | | <u>\$ 11,220,876</u> | |

See Notes to Required Supplementary Information.

ELIZABETHTOWN AREA SCHOOL DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

Note 1. Budgets and Budgetary Accounting General Fund

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

1. The Pennsylvania Department of Education (PDE) issues a schedule of actions for school districts for the development of the annual budget under Act 1. One deadline is the action to resolve to keep any tax increase in the real estate tax millage rate below the index announced by the PDE. Prior to that deadline, management submits to the School Board, for consideration, a draft operating budget projection or other information to review, for the fiscal year commencing the following July 1. The School Board determines if it will approve a resolution to keep any tax increase below the index.
2. If the School Board adopts the resolution, management submits prior to May 31 to the School Board a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the general fund.
3. A public hearing is conducted to obtain taxpayer comments.
4. If the School Board does not adopt the resolution, management prepares and submits a proposed operating budget for the fiscal year commencing the following July 1 in accordance with the deadlines established by PDE under Act 1. These deadlines will vary with the setting of the spring municipal election date each year.
5. Prior to June 30, the budget is legally enacted through adoption of a resolution.
6. Legal budgetary control is maintained by the School Board at the departmental level. Transfers between departments, whether between funds or within a fund, or revisions that alter the total revenues and expenditures of any fund, must be approved by the School Board. Budgetary information in the combined operating statements is presented at or below the legal level of budgetary control. It also includes the effects of approved budget amendments.
7. Budgetary data is included in the District's management information system and is employed as a management control device during the year.
8. Unused appropriations lapse at the end of each fiscal year; however, the District increases the subsequent year's appropriation by an amount equal to outstanding encumbrances and reserves a portion of the fund balance in a like amount. There were no outstanding encumbrances for the year ended June 30, 2024.
9. The budget for the general fund is adopted on the modified accrual basis of accounting which is consistent with accounting principles generally accepted in the United States of America.
10. Where applicable, unbudgeted federal and state revenues and expenditures have been added to the original budgeted revenues and expenditures.

ELIZABETHTOWN AREA SCHOOL DISTRICT

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

| For the Fiscal Year Ended June 30 | District's Proportion of the Net Pension Liability | District's Proportionate Share of the Net Pension Liability | District's Covered Payroll | District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|--|---|--|---------------------------------------|---|---|
| 2024 | 0.1891% | \$ 84,124,000 | \$ 28,974,003 | 290.34% | 61.85% |
| 2023 | 0.1917% | \$ 85,227,000 | \$ 28,195,103 | 302.28% | 61.34% |
| 2022 | 0.2216% | \$ 90,982,000 | \$ 31,404,698 | 289.71% | 63.67% |
| 2021 | 0.1992% | \$ 98,059,000 | \$ 27,891,412 | 351.57% | 54.32% |
| 2020 | 0.1966% | \$ 91,975,000 | \$ 27,120,360 | 339.14% | 55.66% |
| 2019 | 0.1946% | \$ 93,418,000 | \$ 26,207,769 | 356.45% | 54.00% |
| 2018 | 0.1887% | \$ 93,181,000 | \$ 25,123,007 | 370.90% | 51.84% |
| 2017 | 0.1939% | \$ 96,091,000 | \$ 25,106,006 | 382.74% | 50.14% |
| 2016 | 0.1849% | \$ 80,090,261 | \$ 23,830,686 | 336.08% | 54.36% |
| 2015 | 0.1833% | \$ 72,551,711 | \$ 23,392,576 | 310.15% | 57.24% |

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

The schedule is presented to illustrate the requirement to show information for 10 years.

ELIZABETHTOWN AREA SCHOOL DISTRICT

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

| For the Fiscal Year Ended June 30 | Contractually Required Contribution | Contributions in Relation to the Contractually Required Contribution | Contribution Deficiency (Excess) | District's Covered Payroll | Contributions as a Percentage of Covered Payroll |
|--|--|---|---|---------------------------------------|---|
| 2024 | \$ 9,994,657 | \$ (9,994,657) | \$ - | \$ 29,951,172 | 33.37% |
| 2023 | \$ 10,093,131 | \$ (10,093,131) | \$ - | \$ 29,140,121 | 34.64% |
| 2022 | \$ 9,744,180 | \$ (9,744,180) | \$ - | \$ 27,516,092 | 35.41% |
| 2021 | \$ 9,526,765 | \$ (9,526,765) | \$ - | \$ 28,147,925 | 33.51% |
| 2020 | \$ 9,304,575 | \$ (9,304,575) | \$ - | \$ 27,891,412 | 33.36% |
| 2019 | \$ 8,856,510 | \$ (8,856,510) | \$ - | \$ 27,120,360 | 32.60% |
| 2018 | \$ 8,257,531 | \$ (8,257,531) | \$ - | \$ 26,207,769 | 31.74% |
| 2017 | \$ 7,246,281 | \$ (7,246,281) | \$ - | \$ 25,123,007 | 29.20% |
| 2016 | \$ 6,147,137 | \$ (6,147,137) | \$ - | \$ 25,106,006 | 25.00% |
| 2015 | \$ 4,766,705 | \$ (4,766,705) | \$ - | \$ 23,830,686 | 20.50% |

The schedule is presented to illustrate the requirement to show information for 10 years.

ELIZABETHTOWN AREA SCHOOL DISTRICT

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

Last 10 Fiscal Years

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total OPEB liability | | | | | | | |
| Service cost | \$ 117,866 | \$ 189,002 | \$ 152,526 | \$ 161,501 | \$ 152,429 | \$ 158,218 | \$ 163,981 |
| Interest | 101,720 | 72,422 | 171,411 | 167,910 | 126,146 | 123,396 | 129,777 |
| Changes of benefit terms | - | - | - | - | - | - | - |
| Differences between expected and actual experience | 476,469 | - | (1,765,747) | - | (1,012,390) | - | (205,077) |
| Changes in assumptions | 42,211 | (728,119) | (206,227) | - | 1,519,399 | - | 1,050,843 |
| Benefit payments | (135,602) | (130,276) | (230,354) | (219,444) | (175,641) | (198,457) | (173,329) |
| Other Changes | - | - | - | - | - | - | - |
| Net change in total OPEB liability | 602,664 | (596,971) | (1,878,391) | 109,967 | 609,943 | 83,157 | 966,195 |
| Total OPEB Liability - beginning | 2,461,010 | 3,057,981 | 4,936,372 | 4,826,405 | 4,216,462 | 4,133,305 | 3,167,110 |
| Total OPEB Liability - ending | <u>\$ 3,063,674</u> | <u>\$ 2,461,010</u> | <u>\$ 3,057,981</u> | <u>\$ 4,936,372</u> | <u>\$ 4,826,405</u> | <u>\$ 4,216,462</u> | <u>\$ 4,133,305</u> |
| Covered payroll | <u>\$ 27,671,488</u> | <u>\$ 26,920,136</u> | <u>\$ 26,920,136</u> | <u>\$ 24,773,177</u> | <u>\$ 24,168,953</u> | <u>\$ 24,341,850</u> | <u>\$ 23,748,146</u> |
| Net OPEB liability as a percentage of covered payroll | 11.07% | 9.14% | 11.36% | 19.93% | 19.97% | 17.32% | 17.40% |

Notes to Schedule:

For the fiscal year ended June 30, 2024:

Changes in assumptions: The discount rate changed from 4.06% to 4.13%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS assumptions.

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

ELIZABETHTOWN AREA SCHOOL DISTRICT

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

| For the Fiscal Year Ended June 30 | District's Proportion of the Net OPEB Liability | District's Proportionate Share of the Net OPEB Liability | District's Covered Payroll | District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability |
|--|--|---|---------------------------------------|--|--|
| 2024 | 0.1891% | \$ 3,421,000 | \$ 28,974,003 | 11.81% | 7.22% |
| 2023 | 0.1917% | \$ 3,529,000 | \$ 28,195,103 | 12.52% | 6.86% |
| 2022 | 0.2215% | \$ 5,251,000 | \$ 31,404,698 | 16.72% | 5.30% |
| 2021 | 0.1922% | \$ 4,304,000 | \$ 27,891,412 | 15.43% | 5.69% |
| 2020 | 0.1966% | \$ 4,181,000 | \$ 27,120,360 | 15.42% | 5.56% |
| 2019 | 0.1946% | \$ 4,057,000 | \$ 26,207,769 | 15.48% | 5.56% |
| 2018 | 0.1887% | \$ 3,845,000 | \$ 25,123,007 | 15.30% | 5.73% |
| 2017 | 0.1939% | \$ 4,177,000 | \$ 25,106,006 | 16.64% | 5.47% |

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

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

ELIZABETHTOWN AREA SCHOOL DISTRICT

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

| For the Fiscal Year Ended June 30 | Contractually Required Contribution | Contributions in Relation to the Contractually Required Contribution | Contribution Deficiency (Excess) | District's Covered Payroll | Contributions as a Percentage of Covered Payroll |
|--|--|---|---|---------------------------------------|---|
| 2024 | \$ 191,744 | \$ (191,744) | \$ - | \$ 29,951,172 | 0.64% |
| 2023 | \$ 219,353 | \$ (219,353) | \$ - | \$ 29,140,121 | 0.75% |
| 2022 | \$ 228,335 | \$ (228,335) | \$ - | \$ 27,516,092 | 0.83% |
| 2021 | \$ 232,000 | \$ (232,000) | \$ - | \$ 28,147,925 | 0.82% |
| 2020 | \$ 234,000 | \$ (234,000) | \$ - | \$ 27,891,412 | 0.84% |
| 2019 | \$ 225,000 | \$ (225,000) | \$ - | \$ 27,120,360 | 0.83% |
| 2018 | \$ 217,000 | \$ (217,000) | \$ - | \$ 26,207,769 | 0.83% |
| 2017 | \$ 209,000 | \$ (209,000) | \$ - | \$ 25,123,007 | 0.83% |
| 2016 | \$ 213,000 | \$ (213,000) | \$ - | \$ 25,106,006 | 0.85% |
| 2015 | \$ 215,000 | \$ (215,000) | \$ - | \$ 23,830,686 | 0.90% |

The schedule is presented to illustrate the requirement to show information for 10 years.

ELIZABETHTOWN AREA SCHOOL DISTRICT

COMBINING BALANCE SHEET - CAPITAL PROJECTS FUND

Year Ended June 30, 2024

| | Capital Reserve | 2019 Bond Construction | 2024 Bond Construction | Total Capital Projects |
|--|---------------------|------------------------------|------------------------------|------------------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 210,528 | \$ 53,466 | \$ 269,810 | \$ 533,804 |
| Investments | 4,830,455 | - | 16,016,532 | 20,846,987 |
| Due from other funds | 3,970,703 | - | - | 3,970,703 |
| Total assets | \$ 9,011,686 | \$ 53,466 | \$ 16,286,342 | \$ 25,351,494 |
| Liabilities | | | | |
| Accounts payable | \$ - | \$ - | \$ 2,618,694 | \$ 2,618,694 |
| Retainage payable | - | - | 638,245 | 638,245 |
| Due to other funds | - | 35,968 | 356,034 | 392,002 |
| Total liabilities | - | 35,968 | 3,612,973 | 3,648,941 |
| Fund Balances | | | | |
| Restricted | 9,011,686 | 17,498 | 12,673,369 | 21,702,553 |
| Total fund balances | 9,011,686 | 17,498 | 12,673,369 | 21,702,553 |
| Total liabilities and fund balances | \$ 9,011,686 | \$ 53,466 | \$ 16,286,342 | \$ 25,351,494 |

ELIZABETHTOWN AREA SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - CAPITAL PROJECTS FUND
 Year Ended June 30, 2024

| | Capital Reserve | 2019 Bond Construction | 2024 Bond Construction | Total Capital Projects |
|---|------------------|------------------------|------------------------|------------------------|
| Revenues | | | | |
| Local sources: | | | | |
| Investments earnings | \$ 130,424 | \$ 115,787 | \$ 52,186 | \$ 298,397 |
| Expenditures | | | | |
| Instructional | - | 51,506 | - | 51,506 |
| Support Services | 166,257 | - | 250,951 | 417,208 |
| Noninstructional services | - | 9,318 | - | 9,318 |
| Facilities acquisition, construction and improvement services | 419,836 | 5,036,962 | 3,256,940 | 8,713,738 |
| Total expenditures | 586,093 | 5,097,786 | 3,507,891 | 9,191,770 |
| Deficiency of revenues over expenditures | (455,669) | (4,981,999) | (3,455,705) | (8,893,373) |
| Other Financing Sources (Uses) | | | | |
| Transfers in (out) | 5,891,481 | (35,448) | (356,033) | 5,500,000 |
| Proceeds from issuance of long-term debt | - | - | 16,485,107 | 16,485,107 |
| Total other financing sources | 5,891,481 | (35,448) | 16,129,074 | 21,985,107 |
| Net changes in fund balances | 5,435,812 | (5,017,447) | 12,673,369 | 13,091,734 |
| Fund Balances: | | | | |
| July 1, 2023 | 3,575,874 | 5,034,945 | - | 8,610,819 |
| June 30, 2024 | \$ 9,011,686 | \$ 17,498 | \$ 12,673,369 | \$ 21,702,553 |

ELIZABETHTOWN AREA SCHOOL DISTRICT

COMBINING STATEMENT OF FIDUCIARY NET POSITION - CUSTODIAL FUND

June 30, 2024

| | Scholarship Fund | Student Activity Fund | Total Custodial Fund |
|---|---------------------|-----------------------------|----------------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 448,662 | \$ 135,970 | \$ 584,632 |
| Total assets | <u>448,662</u> | <u>135,970</u> | <u>584,632</u> |
| Liabilities | | | |
| Accounts payable | 12,000 | 129 | 12,129 |
| Due to other funds | 1,750 | 12,248 | 13,998 |
| Total Liabilities | <u>13,750</u> | <u>12,377</u> | <u>26,127</u> |
| Net Position | | | |
| Restricted for: | | | |
| Scholarships | 434,912 | - | 434,912 |
| Student activities | - | 123,593 | 123,593 |
| Total net position | <u>434,912</u> | <u>123,593</u> | <u>558,505</u> |
| Total liabilities and net position | <u>\$ 448,662</u> | <u>\$ 135,970</u> | <u>\$ 584,632</u> |

ELIZABETHTOWN AREA SCHOOL DISTRICT

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
CUSTODIAL FUND
Year Ended June 30, 2024**

| | Scholarship Fund | Student Activity Fund | Total Custodial Fund |
|--------------------------------|---------------------|-----------------------------|----------------------------|
| Additions | | | |
| Gifts and contributions | \$ 9,482 | \$ - | \$ 9,482 |
| Fees and collections | - | 191,700 | 191,700 |
| Investment earnings | 15,732 | - | 15,732 |
| Total additions | 25,214 | 191,700 | 216,914 |
| Deductions | | | |
| Student activity expenses | - | 179,528 | 179,528 |
| Scholarship awarded | 18,175 | - | 18,175 |
| Total deductions | 18,175 | 179,528 | 197,703 |
| Changes in net position | 7,039 | 12,172 | 19,211 |
| Net Position: | | | |
| July 1, 2023 | 427,873 | 111,421 | 539,294 |
| June 30 2024 | \$ 434,912 | \$ 123,593 | \$ 558,505 |

SUPPLEMENTARY INFORMATION

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

Board of School Directors
Elizabethtown Area School District
Elizabethtown, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Elizabethtown Area School District (District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 5, 2025.

Report on Internal Control Over Financial Reporting

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

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

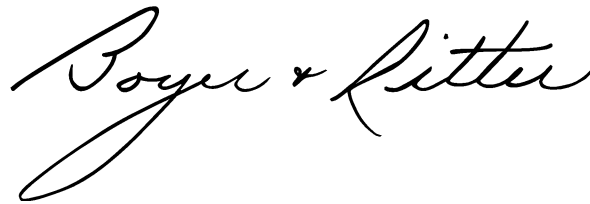
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2024-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

Purpose of this Report

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

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

Camp Hill, Pennsylvania
February 5, 2025

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

Board of School Directors
Elizabethtown Area School District
Elizabethtown, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

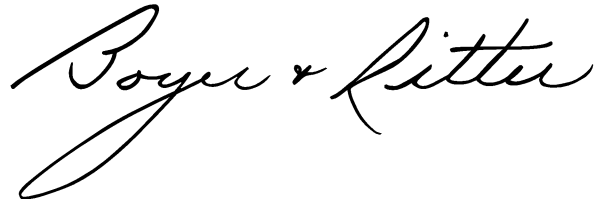
Report on Internal Control Over Compliance

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

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

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

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

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Camp Hill, Pennsylvania
February 5, 2025

ELIZABETHTOWN AREA SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Section I -- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards

Internal control over major programs:

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

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

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

Identification of the major programs:

| Assistance Listing Number(s) | Name of Federal Program/Cluster |
|---------------------------------|---------------------------------|
| 84.425 | Education Stabilization Fund |

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

Auditee qualified as low-risk auditee? X Yes ___ No

ELIZABETHTOWN AREA SCHOOL DISTRICT
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2024

Section II -- Financial Statement Findings

A. Significant Deficiency(ies) in Internal Control

Finding 2024-001: Closing Adjustments

Criteria: The closing process of financial records should include preparation of reconciliations, determination of year-end accruals, and the recording of corresponding adjusting journal entries.

Statement of Condition: The District experienced significant turnover and position transitions within the Business Office at fiscal year end, which produced challenges in completing timely reconciliations of accounts, determination of year-end accruals, and the recording of corresponding adjusting journal entries. During the audit, there were significant adjustments made subsequent to receiving the trial balances to begin the audit. These entries were both auditor identified adjusting entries and management identified adjusting entries. There were significant adjustments to the capital projects fund and the food service fund. The most significant adjustments affected capital projects fund accounts payable, retainage payable and corresponding expense accounts, as well as food service fund inventory, student balances, and state revenue. District management has assumed responsibility for evaluating the adequacy and results of the financial statements and approving all identified adjustments.

Cause and Effect: Due to personnel changes in the Business Office, some of the reconciliations, year-end accruals, and adjusting entries were not made prior to audit fieldwork, resulting in significant adjustments. When the closing process does not include all year-end accruals and adjusting entries, the accounting records do not provide the proper basis for preparation of financial statements.

Identification of Repeat Finding: No

Questioned Costs: None

Recommendation: The District should adhere to an annual closing schedule with defined roles and responsibilities. Closing procedures should include review of revenue, expenditure and balance sheet accounts for completeness and accuracy, which includes reconciliations, determination of year-end accruals, and the recording of corresponding adjusting entries.

Views of Responsible Officials: See Corrective Action Plan on page 95.

B. Compliance Findings

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

ELIZABETHTOWN AREA SCHOOL DISTRICT
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2024

Section III -- Federal Award Findings and Questioned Costs

A. Compliance Findings

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

B. Significant Deficiency(ies) in Internal Control

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

ELIZABETHTOWN AREA SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2024

| Grantor Program Title | Pass-Through Grantor's Number | Grant Period | Program or Annual Award | Total Received for the Year | Accrued or (Deferred) Revenue at June 30, 2023 | Revenue Recognized | Expenditures Recognized | Accrued or (Deferred) Revenue at June 30, 2024 | Provided to Subrecipients | |
|--|-------------------------------|--------------|-------------------------|-----------------------------|--|--------------------|-------------------------|--|---------------------------|----------|
| U.S. Department of Education | | | | | | | | | | |
| Passed through the Pennsylvania Department of Education | | | | | | | | | | |
| Title I - Grants to Local Educational Agencies | 84.010 | 013-240135 | 23-24 | \$ 485,204 | \$ 485,191 | \$ - | \$ 485,204 | \$ 485,204 | \$ 13 | \$ - |
| Title I - Grants to Local Educational Agencies | 84.010 | 013-230135 | 22-23 | \$ 489,199 | 69,313 | 69,313 | - | - | - | - |
| | | | | | <u>554,504</u> | <u>69,313</u> | <u>485,204</u> | <u>485,204</u> | <u>13</u> | <u>-</u> |
| Title II - Supporting Effective Instruction State Grants | 84.367 | 020-240135 | 23-24 | \$ 84,426 | 77,715 | - | 84,426 | 84,426 | 6,711 | - |
| Title II - Supporting Effective Instruction State Grants | 84.367 | 020-230135 | 22-23 | \$ 84,211 | 18,586 | 13,559 | 5,027 | 5,027 | - | - |
| | | | | | <u>96,301</u> | <u>13,559</u> | <u>89,453</u> | <u>89,453</u> | <u>6,711</u> | <u>-</u> |
| Title IV - Student Support and Academic Enrichment Program | 84.424 | 144-240135 | 23-24 | \$ 38,297 | 38,297 | - | 38,297 | 38,297 | - | - |
| Title IV - Student Support and Academic Enrichment Program | 84.424 | 144-230135 | 22-23 | \$ 40,674 | 4,696 | 4,696 | - | - | - | - |
| | | | | | <u>42,993</u> | <u>4,696</u> | <u>38,297</u> | <u>38,297</u> | <u>-</u> | <u>-</u> |
| COVID-19 - ARP Education Stabilization Fund/American Rescue Plan - ESSER III | 84.425D | 223-210135 | 20-24 | \$ 2,964,013 | 1,455,061 | 103,966 | 1,502,782 | 1,502,782 | 151,687 | - |
| COVID-19 ARP Elementary & Secondary School Emergency 7% Learning Loss Set Aside | 84.425D | 225-210135 | 20-24 | \$ 164,550 | 26,927 | 26,927 | - | - | - | - |
| COVID-19 ARP Elementary & Secondary School Emergency 7% Summer School Set Aside | 84.425D | 225-210135 | 20-24 | \$ 32,910 | 5,386 | 2,070 | 3,316 | 3,316 | - | - |
| COVID-19 ARP Elementary & Secondary School Emergency 7% After School Set Aside | 84.425D | 225-210135 | 20-24 | \$ 32,910 | 5,385 | (10,025) | 15,410 | 15,410 | - | - |
| | | | | | <u>37,698</u> | <u>18,972</u> | <u>18,726</u> | <u>18,726</u> | <u>-</u> | <u>-</u> |
| COVID-19 ARP Elementary & Secondary School Emergency Homeless Children and Youth | 84.425W | 181-212134 | 21-24 | \$ 11,871 | 11,871 | 2,207 | 9,664 | 9,664 | - | - |
| Total passed through the Pennsylvania Department of Education | | | | | <u>2,198,428</u> | <u>212,713</u> | <u>2,144,126</u> | <u>2,144,126</u> | <u>158,411</u> | <u>-</u> |
| Passed through the Lancaster-Lebanon Intermediate Unit #13 | | | | | | | | | | |
| Special Education Cluster | | | | | | | | | | |
| Special Education Grants to States | 84.027 | 062-24-0013 | 23-24 | \$ 777,705 | 777,705 | - | 777,705 | 777,705 | - | - |
| Special Education Preschool Grants | 84.173 | 131-23-0013 | 23-24 | \$ 3,591 | - | - | 3,591 | 3,591 | 3,591 | - |
| Total Special Education Cluster passed through the Lancaster-Lebanon Intermediate Unit #13 | | | | | <u>777,705</u> | <u>-</u> | <u>781,296</u> | <u>781,296</u> | <u>3,591</u> | <u>-</u> |
| Total U.S. Department of Education | | | | | <u>2,976,133</u> | <u>212,713</u> | <u>2,925,422</u> | <u>2,925,422</u> | <u>162,002</u> | <u>-</u> |

(Continued)

ELIZABETHTOWN AREA SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Year Ended June 30, 2024

| Grantor Program Title | Assistance Listing Number | Pass-Through Grantor's Number | Grant Period | Program or Annual Award | Total Received for the Year | Accrued or (Deferred) Revenue at June 30, 2023 | Revenue Recognized | Expenditures Recognized | Accrued or (Deferred) Revenue at June 30, 2024 | Provided to Subrecipients |
|--|---------------------------|-------------------------------|--------------|-------------------------|-----------------------------|--|---------------------|-------------------------|--|---------------------------|
| U.S. Department of Health and Human Services | | | | | | | | | | |
| Passed through the Pennsylvania Department of Public Welfare | | | | | | | | | | |
| Medicaid Cluster | | | | | | | | | | |
| Medical Assistance Program | 93.778 | N/A | 23-24 | N/A | 7,771 | - | 7,771 | 7,771 | - | - |
| Total U.S. Department of Health and Human Services | | | | | 7,771 | - | 7,771 | 7,771 | - | - |
| U.S. Department of Agriculture | | | | | | | | | | |
| Passed through the Pennsylvania Department of Education | | | | | | | | | | |
| National School Lunch Program | 10.555 | N/A | 23-24 | N/A | 722,738 | - | 733,848 | 733,848 | 11,110 | - |
| School Breakfast Program | 10.553 | N/A | 23-24 | N/A | 241,132 | - | 245,005 | 245,005 | 3,873 | - |
| COVID-19 - School Breakfast Program - Supply Chain Assistance | 10.555 | N/A | 23-24 | N/A | 80,925 | - | 80,925 | 80,925 | - | - |
| COVID -19- Pandemic EBT Local Admin Funds | 10.649 | N/A | 22-23 | N/A | 3,256 | 3,256 | - | - | - | - |
| Total passed through the Pennsylvania Department of Education | | | | | 1,048,051 | 3,256 | 1,059,778 | 1,059,778 | 14,983 | - |
| Passed through the Pennsylvania Department of Agriculture | | | | | | | | | | |
| National School Lunch Program - Food Donation | 10.555 | N/A | 23-24 | N/A | 190,356 | (24,945) | 215,301 | 215,301 | - | - |
| Total U.S. Department of Agriculture | | | | | 1,238,407 | (21,689) | 1,275,079 | 1,275,079 | 14,983 | - |
| Total Expenditures of Federal Awards | | | | | \$ 4,222,311 | \$ 191,024 | \$ 4,208,272 | \$ 4,208,272 | \$ 176,985 | \$ - |
| Child Nutrition Cluster (Assistance Listing Numbers - 10.553, 10.555 and 10.559) | | | | | \$ 1,235,151 | \$ (24,945) | \$ 1,275,079 | \$ 1,275,079 | \$ 14,983 | \$ - |
| Special Education Cluster (Assistance Listing Numbers - 84.027 and 84.173) | | | | | \$ 777,705 | \$ - | \$ 781,296 | \$ 781,296 | \$ 3,591 | \$ - |
| Education Stabilization Fund (Assistance Listing Number - 84.425) | | | | | \$ 1,504,630 | \$ 125,145 | \$ 1,531,172 | \$ 1,531,172 | \$ 151,687 | \$ - |

See Notes to Schedule of Expenditures of Federal Awards.

ELIZABETHTOWN AREA SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Elizabethtown Area School District under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the District's operations, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

Note 2. Significant Accounting Policies

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

Note 3. Indirect Cost Rate

Elizabethtown Area School District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

ELIZABETHTOWN AREA SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS

There were no prior year's audit findings.



ELIZABETHTOWN AREA SCHOOL DISTRICT
DISTRICT OFFICE

CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2024

Elizabethtown Area School District respectfully submits the following corrective action plan for the year ended June 30, 2024. The findings from the Schedule of Findings and Questioned Costs, Section II – Financial Statement Findings are discussed below and numbered to correspond with the schedule.

Significant Deficiency:

Finding 2024-001

Recommendation: The District should adhere to an annual closing schedule with defined roles and responsibilities. Closing procedures should include review of revenue, expenditure and balance sheet accounts for completeness and accuracy, which includes reconciliations, determination of year-end accruals, and the recording of corresponding adjusting entries.

Corrective Actions Taken or Planned: The District accepts this finding. Due to turnover in the business office and the no previous cross training in the Finance office, the year-end close was not completed timely. Individual training and cross training has started and will continue in the future. With full staff and cross training, employees will be assigned to the year-end closing procedures to ensure timely completion and improved accuracy.

Responsible Party: Tom Strickler, Chief Financial & Operations Officer

Anticipated Completion Date: Correction is in progress and ongoing. Expected completion date 6/30/2025.

If there are any questions regarding this plan, please call Tom Strickler, Chief Financial & Operations Officer at 717-367-1521.

Tom Strickler
Chief Financial & Operations Officer

Every Student Graduates Ready to Live, Learn, and Thrive in a Global Community

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