

**SUSQUEHANNA TOWNSHIP  
SCHOOL DISTRICT**

**FINANCIAL REPORT**

**JUNE 30, 2023**

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## **INDEPENDENT AUDITOR'S REPORT**

Board of School Directors  
Susquehanna Township School District  
Harrisburg, 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 Susquehanna Township School District (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Contents.

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

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

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

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, in considering District's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Boyer & Ritter". The signature is written in a cursive, flowing style with a large loop at the end.

Camp Hill, Pennsylvania  
January 3, 2024

**SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Year Ended June 30, 2023**

The management of Susquehanna Township School District (the District) is pleased to present the following discussion and analysis of the District's financial activities for the fiscal year ended June 30, 2023. The purpose of this discussion is to provide a narrative summary of the financial position and activities of the District in order to enhance the reader's understanding of the District's basic financial statements.

The District is required to present comparative financial information between the current year and the prior year in its Management's Discussion and Analysis (MD&A) as mandated by the Governmental Accounting Standards Board (GASB) Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments.

**Financial Highlights**

Key financial highlights for the year ended June 30, 2023, are as follows:

- The total Governmental and Business-Type Activities liabilities of the District exceeded its assets at June 30, 2023, by \$24.73 million (net position). The negative net position is the result of recording the District's proportionate share of net pension liability and deferred pension amounts reported in accordance with GASB Statement No. 68, which was implemented during 2015, with restatement of 2014. Additionally, the District implemented GASB Statement No. 75 during 2018, which required the District to record their proportionate share of additional other post-employment benefits (OPEB) and deferred OPEB amounts causing a larger negative net position. Consequently, there is no (unrestricted net position) available to meet the District's ongoing obligations to students and residents and total net position. However, an increase in change in net position of \$7,078,319 from the previous year occurred.
- The District's food service program, the only business-type activity, reported a total increase in net position of \$770,911 during the 2022-2023 fiscal year. Total food service revenues increased by 4.36% or \$107,262 during the fiscal year. Food service expenses increased by 11.84% or \$190,184.
- As of June 30, 2023, the District's governmental funds reported combined ending fund balances of \$21,057,930, a decrease of (\$3,265,076) in comparison with the prior year. Approximately 24.86% of total governmental fund balance is available for spending at the district's discretion (unassigned). When considering the (\$3,265,076) decrease in combined governmental funds fund balance, it is important to note that the general fund balance increased by \$475,494 while the capital projects fund balance decreased in the amount of (\$3,734,649) attributable to a \$2.5 million dollar fund transfer from the general to the capital projects fund and the payment of cost associated with various construction projects in connection with the District's 5-year Capital Improvement plan. Lastly, in addition to the above referenced changes in fund balance, the district's student sponsored activity fund balance decreased by (\$5,921).
- The general fund reported an unassigned fund balance on June 30, 2023, of \$5,234,581, which is 8.00% of budget expenditures for the 2023-2024 fiscal year. Legislation enacted by the Commonwealth of Pennsylvania requires school districts to target an unassigned general fund balance of 8.0% or less of budgeted expenditures for the succeeding year. Budgeted expenditures for the 2023-2024 fiscal year total \$65,432,786.

**SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**Year Ended June 30, 2023**

**Overview of Financial Statements**

These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements and other required supplementary information.

The first two statements of the basic financial statements are District-wide financial statements. These statements on pages 12 through 13 consist of the statement of net position and the statement of activities. The District-wide financial statements provide both short-term and long-term information about the District's overall financial status.

The remaining basic financial statements consist of fund financial statements. These statements focus on individual funds of the District and provide a more detailed presentation of the District's operations. The governmental funds statements on pages 14 and 16 present how general District services are financed in the short-term as well as what remains for future spending. The proprietary fund statements on pages 19 through 21 presents both short-term and long-term information about the activities that the District operates similar to a business.

The basic financial statements also include notes on pages 24 through 64 that provide a more detailed explanation of some of the information in the financial statements. Following the basic financial statements is the required supplementary information on pages 65 through 69.



**SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**Year Ended June 30, 2023**

**District-Wide Financial Statements**

The District-wide statements report financial information about the District as a whole using accounting methods similar to the accounting used by private-sector companies. The statement of net position includes all of the District's assets and liabilities utilizing the full accrual basis of accounting. The statement of activities accounts for all of the District's revenues and expenses, regardless of when cash is received or paid.

The government-wide statements report the District's net position - assets plus deferred outflows of resources less liabilities and deferred inflows of resources, as reported in the statement of net position - as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position - as reported in the statement of activities - are used as one indicator of whether the District's financial health is improving or deteriorating. The District exists to provide services, primarily educational, to its students, so it does not have the profit-generation goal of private-sector companies. For this reason, the reader must also consider nonfinancial factors, such as the quality of the education provided, when assessing the *overall* health of the District.

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

- Governmental Activities - All of the District's basic services are included here, such as instruction, administration, and community services. Real estate, earned income 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 it cover the costs of the food service operation.

**Fund Financial Statements**

Fund financial statements provide detailed information about the most significant funds or major funds - not the District as a whole. Some funds are required to be reported as major funds.

- Governmental Funds - Most of the District's activities are reported in governmental funds and focus on changes in financial resources, rather than upon net income determination. These funds are reported using the modified accrual basis of accounting, which measures cash and all 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 on pages 15 and 17.
- Proprietary Funds - These funds are used to account for the District activities that are similar to business operations in the private sector. When the District charges customers for services it provides, these services are generally reported in proprietary funds. The food service fund is the District's proprietary fund and is the same as the business-type activities reported in the government-wide statements.
- Fiduciary Funds - The District is the trustee or agent for individuals, private organizations, and/or governmental units as shown on pages 22 and 23.

**SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**Year Ended June 30, 2023**

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

The District's total net deficit was (\$24,730,267) at June 30, 2023, which includes (\$25,491,315) in governmental activities and \$761,048 in business-type activities.

**Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total Activities	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Current assets	\$ 32,226,452	\$ 35,535,987	\$ 2,053,860	\$ 1,260,683	\$ 34,280,312	\$ 36,796,670
Capital assets	44,179,886	40,260,619	54,936	53,576	44,234,822	40,314,195
<b>Total assets</b>	<b>\$ 76,406,338</b>	<b>\$ 75,796,606</b>	<b>\$ 2,108,796</b>	<b>\$ 1,314,259</b>	<b>\$ 78,515,134</b>	<b>\$ 77,110,865</b>
<b>Deferred outflows of resources</b>	<b>\$ 10,779,741</b>	<b>\$ 11,810,724</b>	<b>\$ 219,836</b>	<b>\$ 240,847</b>	<b>\$ 10,999,577</b>	<b>\$ 12,051,571</b>
Current liabilities	\$ 7,573,847	\$ 7,052,852	\$ 78,570	\$ (24,746)	\$ 7,652,417	\$ 7,028,106
Long-term liabilities	99,606,351	100,624,157	1,380,122	1,354,341	100,986,473	101,978,498
<b>Total liabilities</b>	<b>\$ 107,180,198</b>	<b>\$ 107,677,009</b>	<b>\$ 1,458,692</b>	<b>\$ 1,329,595</b>	<b>\$ 108,638,890</b>	<b>\$ 109,006,604</b>
<b>Deferred inflows of resources</b>	<b>\$ 5,497,196</b>	<b>\$ 11,729,044</b>	<b>\$ 108,892</b>	<b>\$ 235,374</b>	<b>\$ 5,606,088</b>	<b>\$ 11,964,418</b>
Net investment in capital assets	\$ 11,475,266	\$ 4,609,650	\$ 54,936	\$ 53,576	\$ 11,530,202	\$ 4,663,226
Restricted	6,996,906	10,737,476	-	-	6,996,906	10,737,476
Unrestricted	(43,963,487)	(47,145,849)	706,112	(63,439)	(43,257,375)	(47,209,288)
<b>Total net deficit</b>	<b>\$ (25,491,315)</b>	<b>\$ (31,798,723)</b>	<b>\$ 761,048</b>	<b>\$ (9,863)</b>	<b>\$ (24,730,267)</b>	<b>\$ (31,808,586)</b>

**SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**Year Ended June 30, 2023**

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

The results of this year's operations as a whole are reported in the statement of activities. Direct expenses are listed by programs, and then offset by program revenues to determine net revenue (expense) and changes in net position. General revenues, such as taxes, state subsidies, and investment earnings are then applied to determine the change in net position. For the 2022-2023 fiscal year, the changes in net position for governmental activities was an increase of \$6,307,408, and an increase of \$770,911 for business-type activities, for a net total increase of \$7,078,319, as reflected in the following chart. It is noted that change in net position is inclusive of prior period adjustments.

Statement of Activities						
	Governmental Activities		Business-Type Activities		Total Activities	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Program Revenues						
Charges for services	\$ 48,587	\$ 73,447	\$ 486,464	\$ 109,054	\$ 535,051	\$ 182,501
Operating and capital grants and contributions	9,456,082	9,076,788	2,072,288	2,349,434	11,528,370	11,426,222
<b>Total program revenues</b>	<b>9,504,669</b>	<b>9,150,235</b>	<b>2,558,752</b>	<b>2,458,488</b>	<b>12,063,421</b>	<b>11,608,723</b>
General Revenues						
Taxes	42,071,977	41,842,297	-	-	42,071,977	41,842,297
General subsidies	8,064,412	9,281,257	-	-	8,064,412	9,281,257
Investment earnings	687,654	53,703	8,085	1,087	695,739	54,790
Other local revenue	102,953	20,217	-	-	102,953	20,217
Special item - LEA joint venture buy-in	(27,860)	11,157	-	-	(27,860)	11,157
<b>Total general revenues</b>	<b>50,899,136</b>	<b>51,208,631</b>	<b>8,085</b>	<b>1,087</b>	<b>50,907,221</b>	<b>51,209,718</b>
<b>Total revenues</b>	<b>60,403,805</b>	<b>60,358,866</b>	<b>2,566,837</b>	<b>2,459,575</b>	<b>62,970,642</b>	<b>62,818,441</b>
Total Expenses	54,096,397	51,708,066	1,795,926	1,605,742	55,892,323	53,313,808
<b>Changes in net position</b>	<b>6,307,408</b>	<b>8,650,800</b>	<b>770,911</b>	<b>853,833</b>	<b>7,078,319</b>	<b>9,504,633</b>
<b>Net Deficit - July 1, 2022</b>	<b>(31,798,723)</b>	<b>(40,449,523)</b>	<b>(9,863)</b>	<b>(863,696)</b>	<b>(31,808,586)</b>	<b>(41,313,219)</b>
<b>Prior period adjustment (see Note 1)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Deficit - July 1, 2022 (restated)</b>	<b>(31,798,723)</b>	<b>(40,449,523)</b>	<b>(9,863)</b>	<b>(863,696)</b>	<b>(31,808,586)</b>	<b>(41,313,219)</b>
<b>Net Deficit - June 30, 2023</b>	<b>\$ (25,491,315)</b>	<b>\$ (31,798,723)</b>	<b>\$ 761,048</b>	<b>\$ (9,863)</b>	<b>\$ (24,730,267)</b>	<b>\$ (31,808,586)</b>

**SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**Year Ended June 30, 2023**

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

Direct expenses represent the actual cost of providing the services while the net cost represents the amount of cost that is not recovered through program revenues, meaning user charges, grants, and contributions. The largest source of grants and contributions is state sources, which provided \$13,535,257 for governmental activities. The net cost of services must be recovered through general revenue, primarily real estate and income taxes. Amounts not recovered will reduce funds available for future years.

<b>Governmental Activities</b>						
	Direct Expenses		Program Revenues		Net Cost	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Instruction	\$ 36,800,232	\$ 36,057,765	\$ 8,382,641	\$ 7,050,578	\$ 28,417,591	\$ 29,007,187
Instructional student support	2,914,536	2,742,111	-	349,850	2,914,536	2,392,261
Administrative and financial support	5,768,835	5,336,178	66,467	677,088	5,702,368	4,659,090
Operation and maintenance of plant services	4,132,217	3,682,784	12,328	63,288	4,119,889	3,619,496
Pupil transportation	2,714,882	2,454,273	943,829	821,198	1,771,053	1,633,075
Student activities	879,050	813,290	35,209	122,574	843,841	690,716
Community services	9,737	6,971	-	874	9,737	6,097
Interest on long-term debt	876,908	614,694	64,195	64,785	812,713	549,909
<b>Total governmental activities</b>	<b>\$ 54,096,397</b>	<b>\$ 51,708,066</b>	<b>\$ 9,504,669</b>	<b>\$ 9,150,235</b>	<b>\$ 44,591,728</b>	<b>\$ 42,557,831</b>
General subsidies revenue, not restricted					(8,064,412)	(9,281,257)
<b>Total needs from taxes and other local sources</b>					<b>\$ 36,527,316</b>	<b>\$ 33,276,574</b>

<b>Business-Type Activities</b>						
	Direct Expenses		Program Revenues		Net Cost	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Food services	\$ 1,795,926	\$ 1,605,742	\$ 2,558,752	\$ 2,458,488	\$ (762,826)	\$ (852,746)
<b>Total business-type activities</b>	<b>\$ 1,795,926</b>	<b>\$ 1,605,742</b>	<b>\$ 2,558,752</b>	<b>\$ 2,458,488</b>	<b>\$ (762,826)</b>	<b>\$ (852,746)</b>

**SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**Year Ended June 30, 2023**

**The District's Funds**

At June 30, 2023, governmental funds reported a combined fund balance of \$21,057,930, which is a decrease of (\$3,265,076), from June 30, 2022. This decrease is attributable to the net effect of increases in the general fund of \$475,494 and decreases in the capital projects and student sponsored activity funds of (3,734,649) and (\$5,921), respectively.

	6/30/2023	6/30/2022	Change	% Change
General Fund				
Nonspendable	\$ 2,156	\$ 1,920	\$ 236	100.00%
Assigned	8,824,287	8,824,287	-	0.00%
Unassigned	5,234,581	4,759,323	475,258	9.99%
Capital Projects Fund	6,909,628	10,644,277	(3,734,649)	-35.09%
Student Sponsored Activity Fund	87,278	93,199	(5,921)	0.00%
<b>Total Governmental Fund Balances</b>	<b>\$ 21,057,930</b>	<b>\$ 24,323,006</b>	<b>\$ (3,265,076)</b>	<b>-25.10%</b>

**General Fund Budget**

A general fund budget is adopted each year in accordance with the Pennsylvania School Code. The district applies for state and federal grants each year. Certain grants may not be anticipated during the budgeting process and must be added to the budget during the fiscal year. In addition, the grants that are anticipated during the budgeting process are based on estimates. The budget must then be modified based on the actual grant award.

**Capital Assets (net of depreciation)**

At June 30, 2023, the District had \$44,179,886 in governmental capital assets, which represents an increase of \$3,662,941. The increase was due to capital asset additions exceeding depreciation associated with the district's annual operations.

	6/30/2023	6/30/2022	Change
Governmental Activities			
Land	\$ 215,004	\$ 215,004	\$ -
Land improvements	1,838,089	1,935,481	(97,392)
Construction-in-progress	1,889,095	542,033	1,347,062
Buildings and improvements	36,395,619	33,851,407	2,544,212
Furniture and equipment	3,441,198	3,430,799	10,399
Right-to-use leased equipment	230,697	285,895	(55,198)
Right-to-use subscription assets	170,184	256,326	(86,142)
<b>Total governmental capital assets</b>	<b>44,179,886</b>	<b>40,516,945</b>	<b>3,662,941</b>
Business-Type Activities			
<b>Total business capital assets</b>	<b>54,936</b>	<b>53,576</b>	<b>1,360</b>
<b>Total capital assets</b>	<b>\$ 44,234,822</b>	<b>\$ 40,570,521</b>	<b>\$ 3,664,301</b>

**SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
Year Ended June 30, 2023**

**Debt Administration**

Bonds payable were \$31,618,764 and \$34,229,061 at June 30, 2023 and 2022, respectively. The amount of bond principal due within one year is \$2,460,000. Moody's Corporation has assigned its municipal bond rating of "Aa3" to all outstanding series of bonds.

**Next Year's Budget and Economic**

The 2023-2024 Fiscal Year General Fund Budget represents an increase of \$4.11 million or 6.70% in spending. This increase is well above the district's permissible Act 1 taxation increase of 4.8%. Fiscal obligations associated with rising labor cost inclusive of the addition of numerous new instructional and support staff positions, as well as cost required to fund a substantial number of students attending cyber school continue to present significant financial challenges in developing annual budgets free of deficit spending.

In addition to the ongoing identification of programmatically acceptable budgetary cuts, major strategies deployed to balance the 2023-2024 Fiscal Year General Fund Budget were inclusive of the appropriation of COVID-19 Federal Relief funding to offset a portion of its labor cost, application of a 3.75% real estate tax increase, and lastly, projected use of approximately \$2.27 million of unassigned fund balance.

The District's continuation of prudent and extensive long-term fiscal planning remains of paramount importance regarding its efforts to maintain a sound fiscal position.

**Contacting the District's Financial Management**

The District's financial report is intended to provide the readers with a general overview of the District's finances and to show the Board's accountability for the funds it receives. If you have questions about this report or wish to request additional financial information, please contact the Business Manager, Oslwen C. Anderson, Jr., of Susquehanna Township School District, 2579 Interstate Drive, Harrisburg, PA 17110, (717) 657-5100.

SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2023

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 11,389,698	\$ 1,955,017	\$ 13,344,715
Investments	12,116,149	-	12,116,149
Receivables	8,718,449	51,432	8,769,881
Inventories	-	47,411	47,411
Prepaid expenses	2,156	-	2,156
Capital and right-to-use assets			
Land and constuction-in-progress	2,104,100	-	2,104,100
Other capital assets, net of depreciation	42,075,786	54,936	42,130,722
Total capital assets	44,179,886	54,936	44,234,822
<b>Total assets</b>	<b>\$ 76,406,338</b>	<b>\$ 2,108,796</b>	<b>\$ 78,515,134</b>
<b>Deferred Outflows of Resources</b>			
Deferred amounts on pension liability	\$ 9,562,000	\$ 195,000	\$ 9,757,000
Deferred amounts on OPEB liabilities	1,217,741	24,836	1,242,577
<b>Total deferred outflows of resources</b>	<b>\$ 10,779,741</b>	<b>\$ 219,836</b>	<b>\$ 10,999,577</b>
<b>Liabilities</b>			
Internal balances	\$ (50,472)	\$ 50,472	\$ -
Accounts payable and accrued expenses	7,572,951	8,881	7,581,832
Unearned revenues	51,368	19,217	70,585
Long-term obligations			
Due within one year	3,245,095	953	3,246,048
Due in more than one year	30,582,899	37,182	30,620,081
Net pension liability	60,475,000	1,234,000	61,709,000
Other post-employment benefits (OPEB) liabilities	5,303,357	107,987	5,411,344
Total long-term liabilities	99,606,351	1,380,122	100,986,473
<b>Total liabilities</b>	<b>\$ 107,180,198</b>	<b>\$ 1,458,692</b>	<b>\$ 108,638,890</b>
<b>Deferred Inflows of Resources</b>			
Deferred amounts on pension liability	\$ 2,353,000	\$ 48,000	\$ 2,401,000
Deferred amounts on OPEB liabilities	2,984,430	60,892	3,045,322
Deferred amounts on refunding debt	159,766	-	159,766
<b>Total deferred inflows of resources</b>	<b>\$ 5,497,196</b>	<b>\$ 108,892</b>	<b>\$ 5,606,088</b>
<b>Net Position (Deficit)</b>			
Net investment in capital assets	\$ 11,475,266	\$ 54,936	\$ 11,530,202
Restricted	6,996,906	-	6,996,906
Unrestricted	(43,963,487)	706,112	(43,257,375)
<b>Total net position (deficit)</b>	<b>\$ (25,491,315)</b>	<b>\$ 761,048</b>	<b>\$ (24,730,267)</b>

See Notes to Financial Statements.

**SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT**

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
Instruction	\$ 36,800,232	\$ 1,050	\$ 8,381,591	\$ -	\$ (28,417,591)	\$ -	\$ (28,417,591)
Instructional student support	2,914,536	-	-	-	(2,914,536)	-	(2,914,536)
Administration and financial services	5,768,835	-	66,467	-	(5,702,368)	-	(5,702,368)
Operation and maintenance of plant services	4,132,217	12,328	-	-	(4,119,889)	-	(4,119,889)
Pupil transportation	2,714,882	-	943,829	-	(1,771,053)	-	(1,771,053)
Student activities	879,050	35,209	-	-	(843,841)	-	(843,841)
Community services	9,737	-	-	-	(9,737)	-	(9,737)
Interest on long-term debt	876,908	-	-	64,195	(812,713)	-	(812,713)
<b>Total governmental activities</b>	<b>54,096,397</b>	<b>48,587</b>	<b>9,391,887</b>	<b>64,195</b>	<b>(44,591,728)</b>	<b>-</b>	<b>(44,591,728)</b>
<b>Business-Type Activities:</b>							
Food Service	1,795,926	486,464	2,072,288	-	-	762,826	762,826
<b>Total primary government</b>	<b>\$ 55,892,323</b>	<b>\$ 535,051</b>	<b>\$ 11,464,175</b>	<b>\$ 64,195</b>	<b>\$ (44,591,728)</b>	<b>\$ 762,826</b>	<b>\$ (43,828,902)</b>
<b>General Revenues:</b>							
Property taxes, levied for general purposes, net					\$ 33,021,835	\$ -	\$ 33,021,835
Public utility, realty transfer, earned income and other taxes for general purposes, net					9,050,142	-	9,050,142
Grants, subsidies and contributions not restricted					8,064,412	-	8,064,412
Investment earnings					687,654	8,085	695,739
Miscellaneous revenue					102,953	-	102,953
Gain (loss) on a sale of assets					(27,860)	-	(27,860)
<b>Total general revenues</b>					<b>50,899,136</b>	<b>8,085</b>	<b>50,907,221</b>
<b>Changes in net position</b>					<b>6,307,408</b>	<b>770,911</b>	<b>7,078,319</b>
<b>Net Position (Deficit) - July 1, 2022</b>					<b>(31,798,723)</b>	<b>(9,863)</b>	<b>(31,808,586)</b>
<b>Net Position (Deficit) - June 30, 2023</b>					<b>\$ (25,491,315)</b>	<b>\$ 761,048</b>	<b>\$ (24,730,267)</b>

See Notes to Financial Statements.



SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

**BALANCE SHEET - GOVERNMENTAL FUNDS**

**June 30, 2023**

	General Fund	Capital Projects Fund	Student Sponsored Activity Fund	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 6,120,475	\$ 5,177,941	\$ 91,282	\$ 11,389,698
Investments	12,116,149	-	-	12,116,149
Due from other funds	-	2,500,000	-	2,500,000
Due from other governments	2,293,019	-	-	2,293,019
Taxes receivable	5,250,900	-	-	5,250,900
Other receivables, net of allowance	1,174,465	-	65	1,174,530
Prepaid expenses	2,156	-	-	2,156
<b>Total assets</b>	<b>\$ 26,957,164</b>	<b>\$ 7,677,941</b>	<b>\$ 91,347</b>	<b>\$ 34,726,452</b>
<b>Liabilities</b>				
Accounts payable	\$ 1,681,866	\$ 768,313	\$ 3,219	\$ 2,453,398
Accrued salaries and benefits	2,993,595	-	-	2,993,595
Due to other funds	2,448,678	-	850	2,449,528
Payroll deductions and withholdings	1,959,445	-	-	1,959,445
Unearned revenues	51,368	-	-	51,368
Other current liabilities	38,412	-	-	38,412
<b>Total liabilities</b>	<b>9,173,364</b>	<b>768,313</b>	<b>4,069</b>	<b>9,945,746</b>
<b>Deferred Inflows of Resources</b>				
Delinquent property taxes	3,722,776	-	-	3,722,776
<b>Fund Balances</b>				
Nonspendable	2,156	-	-	2,156
Restricted	-	6,909,628	87,278	6,996,906
Assigned	8,824,287	-	-	8,824,287
Unassigned	5,234,581	-	-	5,234,581
<b>Total fund balances</b>	<b>14,061,024</b>	<b>6,909,628</b>	<b>87,278</b>	<b>21,057,930</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 26,957,164</b>	<b>\$ 7,677,941</b>	<b>\$ 91,347</b>	<b>\$ 34,726,452</b>

See Notes to Financial Statements.

# SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

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

<b>Total fund balances - governmental funds</b>		<b>\$ 21,057,930</b>
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital and right-to-use assets used in governmental activities are not financial resources and, therefore, they are not reported as assets in governmental funds. The cost of assets is \$86,448,891, and the accumulated depreciation/amortization is \$42,269,005.		44,179,886
Property taxes and earned income taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures; and, therefore, they are deferred inflows of resources in the funds.		3,722,776
The difference between the re-acquisition price and the net carrying amount of the refunded debt is a deferred inflow of resources, which is not reported in the funds.		
Deferred inflows		(159,766)
Deferred inflows and outflows of resources related to pensions are applicable to future periods and; therefore, are not reported within the funds. Deferred outflows and inflows related to pensions are as follows (see footnotes for detail):		
Deferred outflows		9,562,000
Deferred inflows		(2,353,000)
Deferred inflows and outflows of resources related to OPEB are applicable to future periods and, therefore are not reported within the funds. Deferred inflows and outflows related to OPEB are as follows (see footnote for detail):		
Deferred outflows		1,217,741
Deferred inflows		(2,984,430)
Long-term liabilities; including bonds/notes payable, leases payable, net pension liabilities, accrued compensated absences, and other post-employment benefits; are not due and payable in the current period and, therefore, they are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Bonds/notes payable, including bond premium/discount	(31,618,764)	
Leases payable	(233,649)	
Financed purchase agreements payable	(926,090)	
Subscription liabilities	(165,643)	
Accrued interest	(128,101)	
Net pension liability	(60,475,000)	
Other post-employment benefits	(5,303,357)	
Accrued compensated absences	(883,848)	(99,734,452)
<b>Total net deficit - governmental activities</b>		<b>\$ (25,491,315)</b>

See Notes to Financial Statements.

**SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT**

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

**Year Ended June 30, 2023**

	General Fund	Capital Projects Fund	Student Sponsored Activity Fund	Totals Governmental Funds
<b>Revenues</b>				
Local sources	\$ 43,936,248	\$ 184,186	\$ 60,002	\$ 44,180,436
State sources	13,535,257	-	-	13,535,257
Federal sources	3,286,682	-	-	3,286,682
<b>Total revenues</b>	<b>60,758,187</b>	<b>184,186</b>	<b>60,002</b>	<b>61,002,375</b>
<b>Expenditures</b>				
Instruction	35,585,643	-	-	35,585,643
Support services	17,039,799	-	-	17,039,799
Operation of non-instructional services	920,062	-	65,923	985,985
Capital outlay	10,850	6,418,835	-	6,429,685
Debt service	4,250,283	-	-	4,250,283
Refund of prior year's receipts	389,617	-	-	389,617
<b>Total expenditures</b>	<b>58,196,254</b>	<b>6,418,835</b>	<b>65,923</b>	<b>64,681,012</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>2,561,933</b>	<b>(6,234,649)</b>	<b>(5,921)</b>	<b>(3,678,637)</b>
<b>Other Financing Sources (Uses)</b>				
Interfund transfers in	-	2,500,000	-	2,500,000
Interfund transfers out	(2,500,000)	-	-	(2,500,000)
Proceeds from extended-term financing	395,326	-	-	395,326
Proceeds from leases and right to use assets	18,235	-	-	18,235
<b>Total other financing sources</b>	<b>(2,086,439)</b>	<b>2,500,000</b>	<b>-</b>	<b>413,561</b>
<b>Net changes in fund balances</b>	<b>475,494</b>	<b>(3,734,649)</b>	<b>(5,921)</b>	<b>(3,265,076)</b>
Fund Balances - July 1, 2022	13,585,530	10,644,277	93,199	24,323,006
Fund Balances - June 30, 2023	<u>\$ 14,061,024</u>	<u>\$ 6,909,628</u>	<u>\$ 87,278</u>	<u>\$ 21,057,930</u>

See Notes to Financial Statements.

**SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2023**

<b>Net changes in fund balances - governmental funds</b>	<b>\$ (3,265,076)</b>
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays and right-to-use assets are reported in governmental funds as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their useful lives as depreciation expense. These are the amounts related to capital outlays and depreciation/amortization expense.

Capital outlays	7,089,473	
Less depreciation/amortization expense	(3,398,672)	
Less loss on disposal of asset	<u>(27,860)</u>	3,662,941

Because some property taxes will not be collected for several months after the District's fiscal year-ends, they are not considered as "available" revenues in the governmental funds. Deferred inflows of resources decreased by this amount this year.	(570,710)
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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 expenditure 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 change in interest accrued in the Statement of Activities from the amount due is shown here.	5,256
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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)	7,313,000
Cost of benefits earned net of employee contributions (PSERS)	(3,631,500)

Some expenses reported in the Statement of Activities do not require the use of current financial resources, and; therefore, are not reported as revenues in governmental funds.	
Change in compensated absences	24,023
Change in other post-employment benefits (District's plan)	(319,632)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effects of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Repayment of long-term debt	2,370,000
Issuance of leases payable	(18,231)
Repayment of leases payable	70,305
Issuance of financed purchase agreements payable	(395,325)
Repayment of financed purchase agreements payable	683,937
Repayment of subscription liabilities	90,683
Amortization of bond premiums and discounts - net	240,297
Amortization of charges for bond refunding	<u>47,440</u>
	3,089,106

<b>Changes in net position of governmental activities</b>	<b><u>\$ 6,307,408</u></b>
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See Notes to Financial Statements.

SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

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

	General Fund			
	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues				
Local sources	\$ 42,378,065	\$ 42,378,065	\$ 43,936,248	\$ 1,558,183
State sources	13,948,074	13,948,074	13,535,257	(412,817)
Federal sources	3,171,874	3,171,874	3,286,682	114,808
<b>Total revenues</b>	<b>59,498,013</b>	<b>59,498,013</b>	<b>60,758,187</b>	<b>1,260,174</b>
Expenditures				
Instruction	38,705,361	38,705,361	35,585,643	3,119,718
Support services	17,054,154	17,054,154	17,039,799	14,355
Operation of noninstructional services	1,029,676	1,029,676	920,062	109,614
Capital outlay	120,000	120,000	10,850	109,150
Debt service	4,417,110	4,417,110	4,250,283	166,827
Refund of prior year's receipts	-	-	389,617	(389,617)
<b>Total expenditures</b>	<b>61,326,301</b>	<b>61,326,301</b>	<b>58,196,254</b>	<b>3,130,047</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,828,288)</b>	<b>(1,828,288)</b>	<b>2,561,933</b>	<b>4,390,221</b>
Other Financing Sources (Uses)				
Interfund transfers out	-	-	(2,500,000)	(2,500,000)
Proceeds from extended-term financing	-	-	395,326	395,326
Proceeds from leases and right to use assets	-	-	18,235	18,235
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>(2,086,439)</b>	<b>(2,086,439)</b>
<b>Net changes in fund balance</b>	<b>\$ (1,828,288)</b>	<b>\$ (1,828,288)</b>	<b>475,494</b>	<b>\$ 2,303,782</b>
Fund Balance - July 1, 2022			13,585,530	
Fund Balance - June 30, 2023			\$ 14,061,024	

See Notes to Financial Statements.

# SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

## STATEMENT OF NET POSITION - PROPRIETARY FUND - FOOD SERVICE

June 30, 2023

<b>Assets</b>	
Cash and cash equivalents	\$ 1,955,017
Receivables	
State sources	5,979
Federal sources	45,453
Inventories	47,411
Other capital assets, net of depreciation	54,936
<b>Total assets</b>	<u><u>\$ 2,108,796</u></u>
<b>Deferred Outflows of Resources</b>	
Deferred amounts on pension liability	\$ 195,000
Deferred amounts on OPEB liabilities	24,836
<b>Total deferred outflows of resources</b>	<u><u>\$ 219,836</u></u>
<b>Liabilities</b>	
Accounts payable	\$ 5,070
Internal balances	50,472
Unearned revenues	19,217
Accrued salaries and benefits	3,811
Current portion of accumulated compensated absences	953
Long-term liabilities	
Net pension liability	1,234,000
Other post-employment benefits (OPEB) liabilities	107,987
Accumulated compensated absences	37,182
Total long-term liabilities	<u>1,379,169</u>
<b>Total liabilities</b>	<u><u>\$ 1,458,692</u></u>
<b>Deferred Inflows of Resources</b>	
Deferred amounts on pension liability	\$ 48,000
Deferred amounts on OPEB liabilities	60,892
<b>Total deferred inflows of resources</b>	<u><u>\$ 108,892</u></u>
<b>Net Position</b>	
Net investment in capital assets	\$ 54,936
Unrestricted	706,112
<b>Total net deficit</b>	<u><u>\$ 761,048</u></u>

See Notes to Financial Statements.

# SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUND - FOOD SERVICE Year Ended June 30, 2023

Operating Revenues	
Food service revenue	\$ 486,464
Operating Expenses	
Salaries	532,419
Employee benefits	220,880
Purchased professional and technical services	3,953
Purchased property services	18,229
Other purchased services	508
Supplies	1,005,726
Depreciation	14,211
<b>Total operating expenses</b>	<b>1,795,926</b>
<b>Operating loss</b>	<b>(1,309,462)</b>
Nonoperating Revenues	
Investment earnings	8,085
State sources	280,771
Federal sources	1,791,517
<b>Total nonoperating revenues</b>	<b>2,080,373</b>
<b>Changes in net position</b>	<b>770,911</b>
Net Deficit - July 1, 2022	(9,863)
Net Position - June 30, 2023	\$ 761,048

See Notes to Financial Statements.

# SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

## STATEMENT OF CASH FLOWS - PROPRIETARY FUND - FOOD SERVICE Year Ended June 30, 2023

Cash Flows From Operating Activities	
Cash received from meal sales	\$ 489,067
Cash payments for goods and services	(862,671)
Cash payments to employees for services	(728,986)
<b>Net cash used in operating activities</b>	<b>(1,102,590)</b>
Cash Flows From Noncapital Financing Activities	
State sources	284,326
Federal sources	1,887,045
<b>Net cash provided by noncapital financing activities</b>	<b>2,171,371</b>
Cash Flows From Capital and Related Financing Activities	
<b>Capital Outlay</b>	<b>(15,571)</b>
Cash Flows From Investing Activities	
<b>Investment earnings</b>	<b>8,085</b>
<b>Net change in cash and cash equivalents</b>	<b>1,061,295</b>
Cash and Cash Equivalents:	
July 1, 2022	893,722
June 30, 2023	<b>\$ 1,955,017</b>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities	
Operating loss	\$ (1,309,462)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation	14,211
Donated commodities used	157,913
Changes in assets and liabilities:	
(Increase) decrease in:	
Inventories	11,122
Deferred outflows of resources	21,011
Internal balances	102,180
(Decrease) increase in:	
Accounts payable	(3,290)
Unearned revenue	2,603
Accrued salaries and benefits	1,823
Compensated absences	(10,312)
Net pension liability	84,000
OPEB liabilities	(47,907)
Deferred inflows of resources	(126,482)
<b>Net cash used in operating activities</b>	<b>\$ (1,102,590)</b>
<b>Supplemental Disclosure</b>	
Noncash noncapital financing activity:	
USDA donated commodities	<b>\$ 157,913</b>

See Notes to Financial Statements.



# SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

## STATEMENT OF FIDUCIARY NET POSITION

June 30, 2023

	Private-Purpose Trust Fund
<b>Assets</b>	
Cash and cash equivalents	\$ 121,747
<b>Total assets</b>	<u>\$ 121,747</u>
<b>Net Position</b>	
Restricted and held in trust for scholarships	\$ 121,747
<b>Total net position</b>	<u>\$ 121,747</u>

See Notes to Financial Statements.

## SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

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

	Private-Purpose Trust Fund
Additions	
Gifts and contributions	\$ 51,498
Investment earnings	935
<b>Total additions</b>	<u>52,433</u>
Deductions	
Scholarships awarded	54,850
<b>Total deductions</b>	<u>54,850</u>
<b>Changes in net deficit</b>	(2,417)
Net Position - July 1, 2022	124,164
Net Position - June 30, 2023	<u><u>\$ 121,747</u></u>

See Notes to Financial Statements.

# SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### **Note 1. Summary of Significant Accounting Policies**

Susquehanna Township School District (the District), located in Dauphin County, Pennsylvania, provides a full range of educational services appropriate to grade levels kindergarten through 12<sup>th</sup> to students living in Dauphin County municipality of Susquehanna Township. These include regular, advanced academic programs, 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 operates two elementary schools, one middle school and one high school, serving approximately 3,070 students.

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

#### **A. Reporting Entity**

In evaluating the District as a reporting entity, management has addressed all potential component units which may or may not fall within the District's financial accountability. The criteria used to evaluate component units for possible inclusion as part of the District's reporting entity are financial accountability and the nature and significance of the relationship. This report presents the activities of the District. The District is not a component unit of another reporting entity, nor does it have any component units. The District does; however, participate in jointly-governed organizations which are described in Note 12.

#### **B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

# SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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

#### **B. Government-wide and Fund Financial Statements (Continued)**

Separate fund financial statements are provided in the report for all of the governmental funds, proprietary funds, and the fiduciary funds of the District, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major proprietary fund are reported as separate columns in the fund financial statements. Non-major, individual governmental funds are also reported as separate columns in the fund financial statements. Fiduciary funds are reported by fund type.

#### **C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The District complies with accounting principles generally accepted in the United States of America (GAAP) and applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

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

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

The District reduces restricted amounts first when expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) amounts are available. The District reduces committed amounts first, followed by assigned, or unassigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

## SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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

##### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds.

The District reports the following major governmental funds:

General Fund - The general fund is the general 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 - The capital projects fund is used to account for financial resources to be used for the acquisition, construction, or improvement of major capital facilities (other than those financed by proprietary funds).

Student Sponsored Activity Fund - This fund is set up in accordance with Section 511 of the PA School Code for student sponsored school organizations and publications which do not meet the criteria to be reported as custodial funds per GASB Statement No. 84 *Fiduciary Activities*.

Proprietary funds are used to account for activities that are similar to those often found in the private sector. The measurement focus is upon determination of net income and capital maintenance. The District operates a proprietary fund, the food service fund. This fund accounts for the activities of the District's food service program. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the District's proprietary fund are food service charges. Operating expenses for the District's proprietary fund include food production costs, supplies, administrative costs, and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses. The District does not attempt to allocate "building-wide costs" to the food service fund. Thus, general fund expenditures, which partially benefit the food service fund (utilities, janitorial services, insurance, etc.) are not proportionately recognized within the food service fund; similarly, the food service fund does not recognize a cost for the building space it occupies (no rental-of-facilities expense).

The District accounts for assets held by the District in a trustee capacity in a private purpose trust fund. It accounts for activities in various scholarship accounts, whose sole purpose is to provide annual scholarships to students as prescribed by donor stipulations.

## SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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

##### **D. Budget and Budgetary Accounting**

The District follows the following 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. Management submits to the Board for consideration a draft operating budget projection or other information to review, for the fiscal year commencing the following July 1. The Board determines if it will approve a resolution to keep any tax increase below the index by the PDE deadline.
2. If the Board adopts the resolution, management must submit to the 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. If the Board does not adopt the resolution, management prepares and submits a proposed operating budget for 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.
4. At public board meetings, information is presented and debated. The public is welcome to comment on the budget.
5. Prior to June 30, legislation requires a budget to be legally enacted through passage of a resolution.
6. Legal budgetary control is maintained by the School Board at the sub-function/major object 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 Board. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effect of approved budget amendments.
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 fund balance in a like amount. There were no outstanding encumbrances for the year ended June 30, 2023.
9. The budget for the general fund is adopted on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles in the United States of America.
10. Where applicable, unbudgeted federal and state revenue and expenditures have been added to the original budgeted revenue and expenditures.

# SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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

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

Cash and Cash Equivalents: The District considers all highly-liquid investments with maturities of three month or less, when purchased, to be cash equivalents.

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

Inventories: There is no inventory recorded in the general fund. Items such as office supplies and cleaning materials are expensed as incurred.

Inventories in the food service fund represent the cost using the first-in/first-out (FIFO) method of food supplies on hand at June 30, 2023, including the value of commodities donated by the federal government. The District has adopted a single inventory-recordkeeping system which does not distinguish between donated and purchased commodities. Accordingly, no unearned revenues for donated commodities have been recorded.

Taxes Receivable and Estimated Uncollectible Taxes: Taxes receivable are presented net of estimated uncollectible balances, which represents managements estimated of outstanding per capita and occupational taxes which will not be collected.

Capital Assets and Depreciation: Capital assets, which include property, plant and equipment and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are capitalized at the discretion of management. Management considers various factors in the capitalization of assets, including the asset's estimated useful life, cost, and the extent to which the asset is part of a larger capital project. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Depreciation is provided for fixed assets on the straight-line basis over the following estimated useful lives:

Asset Class	Years
Building and building improvements	25-50
Land improvements	20-25
Furniture and equipment	5-20
Vehicles	5-10
Library books	10

# SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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

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

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 Obligations: In the government-wide financial statements, and proprietary fund types presented in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activities columns in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the lives of the related bonds. Bond insurance costs are deferred as prepaid expenses and amortized over the lives of the bonds. 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 the 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.

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. A liability and an intangible right-to-use asset is recognized in the government-wide financial statements. Lease and SBITA that are significant, either individually or in the aggregate, are recognized.

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 and the useful life is consistent with the term of the agreement.

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 lease 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.



# SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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

E. 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 (Continued):

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.

Compensated Absences: The District provides for the accumulations and payout of vacation and sick pay upon the retirement of employees who retire under the terms of the District's collective-bargaining agreements. Teachers, administrators and support employees are eligible to receive a per-diem amount for all accumulated vacation and sick days.

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

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

## SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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

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

##### Other Post-Employment Benefits (Continued):

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

	Governmental Activities	Business-Type Activities	Total
OPEB Liabilities			
District's Single Employer Plan	\$ 2,792,357	\$ 56,987	\$ 2,849,344
PSERS Cost Sharing Plan	2,511,000	51,000	2,562,000
Total	<u>\$ 5,303,357</u>	<u>\$ 107,987</u>	<u>\$ 5,411,344</u>
Deferred Outflows of Resources			
District's Single Employer Plan	\$ 712,241	\$ 14,536	\$ 726,777
PSERS Cost Sharing Plan	505,500	10,300	515,800
Total	<u>\$ 1,217,741</u>	<u>\$ 24,836</u>	<u>\$ 1,242,577</u>
Deferred Inflows of Resources			
District's Single Employer Plan	\$ 2,258,530	\$ 46,092	\$ 2,304,622
PSERS Costs Sharing Plan	725,900	14,800	740,700
Total	<u>\$ 2,984,430</u>	<u>\$ 60,892</u>	<u>\$ 3,045,322</u>

Additional disclosures related to other post-employment benefits of the District's Single Employer Plan and PSERS Cost Sharing Plan are in Notes 10 and 11, respectively.

# SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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

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

Interfund Activity: Advances between funds that are not expected to be repaid are accounted for as transfers. In those cases when repayment is expected, the advances are accounted for through the various due from and due to accounts. Transactions and balances between governmental activities have been eliminated in the government-wide financial statements. Residual amounts due between governmental and business-type activities are indicated on the Statement of Net Position as internal balances.

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.

Deferred Inflows of Resources - Deferred Amounts on Refunding Debt: The District recognizes the difference between the re-acquisition price and the net carrying amount of the old debt as a deferred inflow which is a component of interest expense over the remaining life of the old or new debt, whichever is shorter.

Deferred Inflows of Resources - Unearned Revenues: The District recognizes the property tax revenues when they become available. Available includes those property tax receivables expected to be collected within 60 days after year-end. Those property tax receivables expected to be collected sixty days after year end are shown as deferred inflows of resources in the fund financial statements. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

Net Position: The District's net position classifications are defined and described as follows:

Net investment in capital assets: Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted net position: Consists of net position with constraints placed on the use of either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position: All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

# SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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

#### E. 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:

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

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

Committed: Represents fund balance 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 fund balance amounts that are constrained by the government's intent to be used for a specific purpose but are neither restricted nor committed. Through board policy, the Board has delegated the authority to express intent to the District's Director of Administration or the Budget and Finance Committee.

Unassigned: Represents fund balance amounts that have not been restricted, committed or assigned to specific purposes within the general fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, the District will reduce the committed balance first, followed by the assigned balance, and then the unassigned balance.

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. Encumbrances outstanding at year-end are reported as reservations of fund balances because they do not constitute expenditures or liabilities. They are presented along with other designations of fund balance in funds that are restricted, committed or assigned and are not separately classified in the financial statements. As of June 30, 2023, the District had no encumbrances.

#### F. 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.

# SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

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

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

# SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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

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

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

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

GASB Statement No. 101, *Compensated Absences*, will be effective for the School 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.

#### G. 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 of disclosure through January 3, 2024, the date the financial statements were available to be issued.

## SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 2. Deposits and Investments

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

- U.S. Treasury Bills
- Short-term obligations of the U.S. Government or its agencies or instrumentalities
- Deposits in savings accounts or time deposits or share accounts of institutions insured by:
  1. The Federal Deposit Insurance Corporation (FDIC), or
  2. The Federal Savings and Loan Insurance Corporation (FSLIC), or
  3. 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 (1) the United States of America or its agencies or instrumentalities backed by the full-faith and credit of the United States of America and (2) 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 policies of the District adhere 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 investments may not be returned to it. A summary of the District's deposits at June 30, 2023, are shown below:

	Carrying Amount	Bank Balance	Financial Institution
Insured (FDIC)	\$ 250,000	\$ 250,000	First National Bank
Uninsured, collateralized in accordance with Act 72	14,839,962	15,217,111	First National Bank
	<u>\$ 15,089,962</u>	<u>\$ 15,467,111</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.

## SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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

##### Investments

As of June 30, 2023, the District had the following investments:

Investment	Credit Rating	Weighted Avg. Maturity in Years	Carrying Value
Pennsylvania School District Liquid Asset Fund (PSDLAF)			
PSDMAX	AAAm	0.148	\$10,491,031
Total PSDLAF			<u>\$10,491,031</u>

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

The PSDMAX fund invests in U.S. treasury securities, U.S. government securities, its agencies and instrumentalities, and repurchase agreements, collateralized by such securities and contracted with highly-rated counterparties. Weighted-average portfolio maturity for the fund is expected to be kept at or below 60 days. PSDMAX does not have limitations or restrictions on withdrawals.

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.

Interest-Rate Risk: The District has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk: As indicated above, Section 440.1 of the Public School Code of 1949, as amended, limits the composition of the District's investments. The District has no investment policy that would further limit its investment choices.

Concentration of Credit Risk: The District places no limit on the amounts invested in any one issuer. The District's investments are with PSDLAF.



## SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 3. Property Taxes**

Based upon assessed valuations provided by the County, the District bills and collects its own property taxes. The schedule for property taxes levied for 2022-2023 is as follows:

July 1, 2022	Tax Levy Date
Through August 31, 2022	2% Discount
September 1 - October 31, 2022	Face payment period
November 1 - December 31, 2022	10% Penalty Period
January 1, 2023	Lien Filing Date

The District's tax rate for all purposes in 2022-2023 was 19.9589 mills (\$19.9589 per \$1,000 assessed valuation). Refunds on payments of prior year taxes are classified as Other Debt Service items under the Commonwealth of Pennsylvania Accounting System. Current tax collections for the District were approximately 96% of the total tax levy.

#### **Note 4. Taxes Receivable, Deferred Inflows of Resources and Estimated Uncollectible Taxes**

A summary of the taxes receivable and related accounts at June 30, 2023, are as follows:

	Amount
Uncollected taxes	\$ 7,916,578
Estimated uncollectible taxes	(2,665,678)
Taxes Receivable - Net	<u>\$ 5,250,900</u>
Taxes to be collected within 60 days	\$ 1,528,124
Deferred inflows of resources - delinquent property taxes	<u>3,722,776</u>
Taxes Receivable - Net	<u>\$ 5,250,900</u>

The District estimates its uncollectible taxes for outstanding Per Capita and Occupational taxes based on the number of years the taxes are outstanding.

## SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 5. Interfund Balances and Interfund Transfers

Individual fund receivable and payable balances at June 30, 2023, are as follows:

	Interfund Receivables	Interfund Payables
Governmental Fund		
General	\$ 670,356	\$ 3,119,034
Student Activities	-	850
Capital Projects	2,500,000	-
Proprietary Fund		
Food service	-	50,472
	<u>\$ 3,170,356</u>	<u>\$ 3,170,356</u>

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

Individual transfers for June 30, 2023, are as follows:

	Transfers In	Transfers Out
Governmental Funds		
Capital Projects	\$ 2,500,000	\$ -
General	-	2,500,000
	<u>\$ 2,500,000</u>	<u>\$ 2,500,000</u>

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

# SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### Note 6. Capital and Right-to-use Assets

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

	July 1, 2022 (restated)	Increases	Decreases	June 30, 2023
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 215,004	\$ -	\$ -	\$ 215,004
Construction-in-progress	542,033	1,889,095	(542,033)	1,889,095
Total capital assets not being depreciated	757,037	1,889,095	(542,033)	2,104,099
Capital and right-to-use assets being depreciated/amortized				
Land and site improvements	4,665,791	99,308	-	4,765,099
Buildings and building improvements	63,022,198	4,644,915	-	67,667,113
Furniture and equipment	10,661,166	979,957	(278,600)	11,362,523
Right-to-use leased equipment	470,326	18,231	(194,826)	293,731
Right-to-use subscription assets	256,326	-	-	256,326
Total capital and right-to-use assets being depreciated/amortized	79,075,807	5,742,411	(473,426)	84,344,792
Less accumulated depreciation/amortization				
Land and site improvements	2,730,310	196,700	-	2,927,010
Buildings and building improvements	29,170,791	2,100,703	-	31,271,494
Furniture and equipment	7,230,367	941,698	(250,740)	7,921,325
Right-to-use lease equipment	184,431	73,429	(194,826)	63,034
Right-to-use subscription assets	-	86,142	-	86,142
Total accumulated depreciation/amortization	39,315,899	3,398,672	(445,566)	42,269,005
Total capital and right-to-use assets being depreciated/amortized, net	39,759,908	2,343,739	(27,860)	42,075,787
Total Governmental Activities, capital and right-to-use assets - Net	\$ 40,516,945	\$ 4,232,834	\$ (569,893)	\$ 44,179,886
<b>Business-Type Activities</b>				
Capital assets being depreciated				
Equipment	\$ 744,480	\$ 15,571	\$ -	\$ 760,051
Less accumulated depreciation	690,904	14,211	-	705,115
Total Business-Type Activities, Capital Assets - Net	\$ 53,576	\$ 1,360	\$ -	\$ 54,936

# SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### Note 6. Capital and Right-to-use Assets (Continued)

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

	Amount
<b>Governmental Activities</b>	
Instruction	\$ 2,414,791
Instructional student support	239,307
Administration and financial support	459,914
Operation and maintenance of plant services	215,957
Student activities	68,282
Community services	421
Total governmental activities	<u>3,398,672</u>
<b>Business-Type Activities</b>	
Food service	<u>14,211</u>
Total School District	<u><u>\$ 3,412,883</u></u>

### Note 7. Long-Term Obligations

A summary of the reporting entity's long-term obligations as of June 30, 2023, and transactions during the year then ended follows:

	1-Jul-22 (restated)	Increases	Decreases	June 30, 2023	Due within one year
<b>Governmental Activities</b>					
General Obligation Bonds					
Series of 2019	\$ 9,390,000	\$ -	\$ (5,000)	\$ 9,385,000	\$ 335,000
General Obligation Notes					
Series of 2020	23,355,000	-	(2,365,000)	20,990,000	2,125,000
Net premium (discount) on bonds	1,484,061	-	(240,297)	1,243,764	-
Total Bonds and Notes	<u>34,229,061</u>	<u>-</u>	<u>(2,610,297)</u>	<u>31,618,764</u>	<u>2,460,000</u>
Leases payable	285,723	18,231	(70,305)	233,649	56,782
Financed purchase agreement payable	1,214,702	395,325	(683,937)	926,090	620,738
Subscription Liability	256,326	-	(90,683)	165,643	85,479
Compensated absences	907,871	-	(24,023)	883,848	22,096
<b>Total governmental activities</b>					
<b>long-term liabilities</b>	<u>\$ 36,893,683</u>	<u>\$ 413,556</u>	<u>\$ (3,479,245)</u>	<u>\$ 33,827,994</u>	<u>\$ 3,245,095</u>
<b>Business-Type Activities</b>					
Compensated absences	\$ 48,447	\$ -	\$ (10,312)	\$ 38,135	\$ 953
<b>Total business-type activities</b>					
<b>long-term liabilities</b>	<u>\$ 48,447</u>	<u>\$ -</u>	<u>\$ (10,312)</u>	<u>\$ 38,135</u>	<u>\$ 953</u>

## SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 7. Long-Term Obligations (Continued)

General Obligation Bonds - Series of 2019 - On February 26, 2019, the District issued General Obligation Bonds - Series of 2019, in the principal amount of \$9,405,000. The proceeds provided funds to refund a portion of the District's outstanding General Obligation Bonds - Series of 2013 and the District's outstanding General Obligation Bonds - Series of 2014 and to pay the costs of issuing and insuring the Bonds. The economic gain on the refunding of the bonds was \$664,997. Interest is payable semi-annually at rates between 1.80% and 4.00%. The bonds mature serially in amounts ranging from \$5,000 to \$3,130,000 through November 15, 2027.

General Obligation Notes - Series of 2020 - On November 26, 2019, the District issued General Obligation Notes - Series of 2020, in the principal amount of \$30,075,000. The proceeds provided funds to fully refund the District's outstanding General Obligation Bonds - Series of 2012, fully refund the District's outstanding General Obligation Bonds - Series A of 2012, fully refund the District's outstanding General Obligation Bonds - Series of 2013, fully refund the District's outstanding General Obligation Bonds - Series of 2017, fund various capital projects for the District, and to pay the costs of issuing and insuring the Note or any or all of the same. The economic gain on the refunding of the bonds was \$119,328. Interest is payable semi-annually at rates between 1.50% and 4.00%. The notes mature serially in amounts ranging from \$5,000 to \$3,315,000 through May 15, 2034.

The maturity of the long-term debt issues are as follows:

Year Ending June 30:	General Obligation Debt		
	Principal	Interest	Total
2024	\$ 2,460,000	\$ 977,973	\$ 3,437,973
2025	2,545,000	894,535	3,439,535
2026	2,735,000	766,035	3,501,035
2027	3,015,000	668,185	3,683,185
2028	3,135,000	550,285	3,685,285
2029-2033	15,655,000	1,535,525	17,190,525
2033-2035	830,000	20,335	850,335
	<u>\$ 30,375,000</u>	<u>\$ 5,412,873</u>	<u>\$ 35,787,873</u>

## SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 7. Long-Term Obligations (Continued)

##### Lease-Purchase Obligation

The District leases computer equipment which is located throughout the District. The related lease agreements qualify as capital leases, and accordingly, the transactions are recorded at the present values of related future, minimum lease payments as of the inception date. All lease-purchase obligations are funded by the general fund.

The assets acquired through the capital lease are as follows:

	Amount
Machinery and equipment	\$ 4,267,766
Less: accumulated depreciation	(2,774,537)
Total machinery and equipment - net book value	<u>\$ 1,493,229</u>

The following is a schedule of the future minimum-lease payments due under the lease-purchase obligation at June 30, 2023:

Year Ending June 30:	Amount
2024	\$ 658,538
2025	217,357
2026	<u>104,705</u>
Total minimum lease payments	980,600
Less: amount representing interest	<u>(54,510)</u>
Total present value of net minimum lease payments	<u>\$ 926,090</u>

The District leases equipment for certain District offices and buildings. These terms range from four to five years.

The District's equipment leases contain scheduled yearly payments with expiration dates extending through 2025. Lease and finance purchase obligations are primarily funded 100 % by the general fund.

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

Year Ending June 30:	Right-to-use Equipment		
	Principal	Interest	Total Payments
2024	\$ 56,782	\$ 6,763	\$ 63,545
2025	58,655	4,890	63,545
2026	60,590	2,955	63,545
2027	57,622	956	58,578
	<u>\$ 233,649</u>	<u>\$ 15,564</u>	<u>\$ 249,213</u>

## SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 7. Long-Term Obligations (Continued)

##### Subscription Based Information Technology Arrangements (SBITA) Liabilities:

The District enters into various arrangements for administrative and educational software and other information technology. Many of the software and information technology arrangements are for a term of one year or less. However, the District also enters into arrangements that are for greater than one year which require accounting for and reporting of a right-to-use subscription asset and liability. These terms range from two to four years in length.

The District's subscription based information technology arrangements contain scheduled annual payments with expiration dates extending through 2026. Payments of the subscription liability are primarily funded by the general fund.

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

Year Ending June 30:	Right-to-use Subscription		
	Principal	Interest	Total Payments
2024	\$ 85,479	\$ 5,464	\$ 90,943
2025	39,432	2,644	42,076
2026	40,732	1,344	42,076
	<u>\$ 165,643</u>	<u>\$ 9,452</u>	<u>\$ 175,095</u>

# SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### **Note 7. Long-Term Obligations (Continued)**

#### Compensated Absences

The District accrues vacation leave as a liability as the benefits are earned by the employees if it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. 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 sick leave and employee's 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.

Additional amounts are accrued for salary-related payments associated with the payment of compensated absences using the rates in effect at the balance sheet date. The District has accrued the employer's share of social security and Medicare taxes.

### **Note 8. Defined-Benefit Pension Plan**

#### Plan Description

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

#### Benefits Provided

PSERS provides retirement, disability and death benefits. Members are eligible for monthly retirement benefits upon reaching (1) age 62 with at least one year of credited service; (2) age 60 with 30 or more years of credited service; or (3) 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.



## SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 8. Defined-Benefit Pension Plan (Continued)**

##### Benefits Provided (Continued)

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.

# SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### Note 8. 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%
				7.50%
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, 2023, was 34.51% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Included in the District's contractually required contribution rate is the Act 5 contribution rate totaling an estimated .20%.

The District is required to pay the entire contribution and will be reimbursed by the Commonwealth in an amount equal to the Commonwealth's share as determined by the income aid ratio (as defined in Act 29 of 1994), which is at least one-half of the total District's rate. The District's contributions to the Plan, relating to pension benefits, for the year ended June 30, 2023, was \$7,324,109, and is equal to the required contribution for the year. For the year ended June 30, 2023, the District recognized gross retirement subsidy revenue from the Commonwealth in the amount of \$3,745,834.

# SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### Note 8. Defined-Benefit Pension Plan (Continued)

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

At June 30, 2023, the District reported a liability of \$61,709,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2021 to June 30, 2022. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2023, the District's reported proportion was .1388%, which was an decrease of .0013% from its proportion reported as of June 30, 2022.

For the year ended June 30, 2023, the District recognized pension expense of \$3,677,000. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 28,000	\$ 534,000
Changes in assumptions	1,843,000	-
Net difference between projected and actual investment earnings	-	1,047,000
Changes in proportion	481,000	820,000
Difference between employer contributions and proportionate share of total contributions	81,000	-
Contributions subsequent to the measurement date	7,324,000	-
	<u>\$ 9,757,000</u>	<u>\$ 2,401,000</u>

\$7,324,000 is reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	Amount
2024	\$ (35,000)
2025	337,000
2026	(1,741,000)
2027	1,471,000
Thereafter	-
	<u>\$ 32,000</u>

## SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 8. Defined-Benefit Pension Plan (Continued)**

##### Actuarial Assumptions

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

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

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

##### Investments

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

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

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

## SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 8. Defined-Benefit Pension Plan (Continued)

##### Investments (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	28.0%	5.5%
Private equity	12.0%	8.0%
Fixed income	33.0%	2.3%
Commodities	9.0%	2.3%
Infrastructure/MLPs	9.0%	5.4%
Real estate	11.0%	4.6%
Absolute return	6.0%	3.5%
Cash	3.0%	0.5%
Leverage	-11.0%	0.5%
	<u>100.0%</u>	

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

##### Discount Rate

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

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

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

## SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 8. Defined-Benefit Pension Plan (Continued)**

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	\$ 79,816,000	\$ 61,709,000	\$ 46,442,000

##### Pension Plan Fiduciary Net Position

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

##### Plan Payables

At June 30, 2023, the District reported a payable to PSERS of \$2,465,187, which represents the employer contributions owed to the pension plan.

#### **Note 9. Other Post-Employment Benefits - District's Single Employer Plan**

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 on the next page:

# SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### Note 9. Other Post-Employment Benefits - District's Single Employer Plan (Continued)

GROUP	ELIGIBILITY	COVERAGE AND PREMIUM SHARING	DURATION
<b><u>I. All Groups</u></b>	Must be eligible for PSERS retirement	<b>Coverage:</b> Medical, Prescription Drug, Dental and Vision  <b>Premium Sharing:</b> Member must pay full premium as determined for the purpose of COBRA  <b>Dependents:</b> Spouse and family included	Until member is eligible for Medicare
<p><b>Notes:</b></p> <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><b>Notes: PSERS Retirement:</b></p> <p>1) Pension Class T-C or T-D: An employee is eligible for PSERS retirement if he (or she) is eligible for either: i) PSERS early retirement while under 62 with 5 years of PSERS Service or ii) PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS service, age 62 with 1 year of PSERS service of 35 years of PSERS service regardless of age. In general, these pension classes apply to individuals who were members of PSERS prior to July 1, 2011.</p> <p>2) Pension Class T-E or T-F: An employee is eligible for PSERS retirement if he (or she) is eligible for either: i) PSERS early retirement while under 65 with 10 years of PSERS Service or ii) 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 became 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 retirement if he (or she) is eligible for either: i) PSERS early retirement while under 67 with 10 years of PSERS Service or ii) 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 retirement if he (or she) is eligible for either: i) PSERS early retirement while under 67 with 10 years of PSERS Service or ii) PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.</p> <p>5) All individuals except those in Pension Class T-G are eligible for a special early retirement upon reaching age 55 with 25 years of PSERS service. Individuals in Pension Class T-G are eligible for a special early retirement upon reaching age 57 with 25 years of PSERS service.</p> <p>Coordination with Medicare benefits: Medicare pays primary.</p> <p>Continued life insurance coverage is available; however, no one has ever elected such coverage.</p>			

## SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 9. Other Post-Employment Benefits - District's Single Employer Plan (Continued)**

##### Employees Covered by Benefit Terms

As of the July 1, 2021, actuarial valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	14
Inactive employees entitle to but not yet receiving benefit payments	-
Active employees	339
	<u>353</u>

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

At June 30, 2023, the District reported a liability of \$2,849,344 for the total OPEB liability. The total OPEB liability was measured as of June 30, 2022. The OPEB liability is composed of the following:

	Amount
Total OPEB Liability, beginning	<u>\$ 4,444,694</u>
Changes for the year	
Service cost	502,123
Interest	110,487
Differences between expected and actual experience	(1,073,254)
Changes in assumptions	(948,471)
Estimated benefit payments	(186,235)
Net Changes	<u>(1,595,350)</u>
Total OPEB Liability, ending	<u>\$ 2,849,344</u>



## SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 9. Other Post-Employment Benefits - District's Single Employer Plan (Continued)

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$470,454. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 131,014	\$ 1,262,824
Changes in assumptions	451,463	1,041,798
Benefit payments subsequent to the measurement date	144,300	-
	<u>\$ 726,777</u>	<u>\$ 2,304,622</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$144,300 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year Ending June 30:	Total
2024	\$ (142,156)
2025	(142,156)
2026	(142,156)
2027	(142,156)
2028	(142,156)
Thereafter	(1,011,365)
	<u>\$ (1,722,145)</u>

##### Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2022, using the 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 increases which varies by age from 2.75 to 0%.
- Discount Rate - 4.06%. Based on S&P Municipal Bond 20 Year High Grade Rate Index at July 1, 2022.
- Actuarial Cost Method: Entry Age Normal, Level Percent of Pay.
- Healthcare Cost Trend Rate: 6.50% in 2022, 6.0% in 2023, and 5.5% in 2024 through 2025. Rates gradually decrease from 5.4% in 2026 to 3.9% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

## SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 9. Other Post-Employment Benefits - District's Single Employer Plan (continued)

##### Actuarial Assumptions (Continued)

- Retirees' Share of Benefit-Related Costs - Retiree contributions are assumed to increase at the same rate as the 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 tables are rates projected generationally using Scale MP-2021 to reflect mortality improvement.

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

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

	1% Decrease 3.06%	Current Discount Rate 4.06%	1% Increase 5.06%
Total OPEB liability	\$ 3,064,571	\$ 2,849,344	\$ 2,647,024

##### Change in Actuarial Assumptions

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 rates of (6.5% decreasing to 3.9%), as well as what the total OPEB liability would be if it were calculated using a health care cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	\$ 2,545,770	\$ 2,849,344	\$ 3,206,046

## SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 10. 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. Effective January 1, 2002, under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2022, there were no assumed future benefit increases to participating eligible retirees.

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

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

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

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

##### Benefits Provided

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

## SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 10. Other Post-Employment Benefits - PSERS Cost Sharing Plan (Continued)

##### Employer Contributions

The Districts' contractually required contribution rate for the fiscal year ended June 30, 2023, was 0.75% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$159,174 for the year ended June 30, 2023.

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

At June 30, 2023, the District reported a liability of \$2,562,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2021 to June 30, 2022. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2023, the District's reported proportion was 0.1392%, which was a increase of .0012% from its proportion reported as of June 30, 2022.

For the year ended June 30, 2023, the District recognized OPEB expense of \$48,600. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 24,000	\$ 14,000
Changes in assumptions	284,000	605,000
Net difference between projected and actual investment earnings	7,000	-
Changes in proportion	41,000	121,000
Difference between employer contributions and proportionate share of total contributions	800	700
Contributions subsequent to the measurement date	159,000	-
	<u>\$ 515,800</u>	<u>\$ 740,700</u>

## SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 10. Other Post-Employment Benefits - PSERS Cost Sharing Plan (Continued)

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

\$159,000 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:	Amount
2024	\$ (90,900)
2025	(75,700)
2026	(72,100)
2027	(72,100)
2028	(73,100)
Thereafter	-
	<u>\$ (383,900)</u>

##### Actuarial Assumptions

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

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

## SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 10. Other Post-Employment Benefits - PSERS Cost Sharing Plan (Continued)

##### Actuarial Assumptions (Continued)

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

The following assumptions were used to determine the contribution rate:

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

##### 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.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	100.0%	0.5%
	100.0%	

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

## SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 10. Other Post-Employment Benefits - PSERS Cost Sharing Plan (Continued)

##### Discount Rate

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

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

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

	1% Decrease 3.09%	Current Discount Rate 4.09%	1% Increase 5.09%
District's proportionate share of the net OPEB liability	\$ 2,898,000	\$ 2,562,000	\$ 2,282,000

## SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 10. 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 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	\$ 2,562,000	\$ 2,562,000	\$ 2,563,000

##### OPEB Plan Fiduciary Net Position

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

##### Plan Payables

At June 30, 2023, the District reported a payable to PSERS of \$53,575, which represents the employer contributions owed to the OPEB plan.

#### **Note 11. Fund Balance Designations**

##### Restricted

The District has third-party restrictions on amounts reported in the Capital Projects fund, including those amounts under bond-agreement and capital reserve statutory restrictions. The District also had third-party restrictions on amounts reported in the Student Sponsored Activity fund.

##### Assigned

The District has assigned certain portions of the general fund balance as follows:

Description of assigned	Amount
Assigned for future health insurance payments	\$ 2,412,487
Assigned for future capital projects	1,250,000
Assigned for future PSERS obligations	5,161,800
	<u>\$ 8,824,287</u>



## SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 12. Joint Ventures

##### Dauphin County Technical School (DCTS)

The District is one of seven member school districts of the Dauphin County Technical School (DCTS). Effective July 1, 2017, the DCTS adopted resolutions to admit the School District of the City of Harrisburg (Harrisburg SD) as a member school district. For the year ended June 30, 2023, the District received total payments of \$48,867 from Harrisburg SD. The District will receive annual payments directly from Harrisburg SD for the next two years to offset debt service costs of the District, adjusted each year based on the total market valuation of each of the previous six school districts as determined by the State Tax Equalization Board.

DCTS provides vocational-technical training and education to participating students of the member districts. DCTS is controlled and governed by the Dauphin County Area Vocational Technical School Joint Board (Vo-Tech Board) 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 DCTS. The DCTS is not reported as part of the District's reporting entity. The District's share of annual operating costs for DCTS fluctuates, based upon the percentage of enrollment of each member school district. The amount paid for these services for the year ended June 30, 2023, was approximately \$1,772,079. In 2007, the DCTS and member school districts entered into an agreement with the member school districts and the Vo-Tech Board to construct improvements and renovations to the school's premise and facilities. In 2015, DCTS refinanced its Series of 2007 debt with its Series of 2015 issuance. The District has a financial responsibility to the DCTS for a portion of the debt obligation relating to these improvements. The balance of the District's share of this obligation at June 30, 2023, was \$1,796,365. Complete general purpose financial statements for DCTS can be obtained from the Administrative Office at 6001 Locust Lane, Harrisburg, PA 17109.

Minimum future rental payments under this debt obligation are as follows:

Year Ending June 30:	Amount
2024	\$ 224,187
2025	224,923
2026	224,536
2027	224,975
2028	224,289
2029-2032	673,455
	<u>\$ 1,796,365</u>

## SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 12. Joint Ventures (Continued)**

##### Dauphin County Area Vocational-Technology School Authority

The District is also a member of the Dauphin County Area Vocational-Technical School Authority (Authority). In 1983, the Authority entered into an agreement with the member school districts and the Vo-Tech Board to acquire land and construct buildings to provide the facilities for the operation of DCTS. In 1997, the Authority entered into an additional agreement with the same parties to provide funding for the upgrading and modernization of the DCTS facilities. The District has an ongoing financial responsibility to the Authority for a portion of the debt obligation relating to these improvements. The District's lease payment to the Authority for the year ended June 30, 2023, was \$224,160, which has been reported in the District's general fund and is detailed in Note 8. Complete general purpose financial statements for the Authority can be obtained from the Administrative Office at 6001 Locust Lane, Harrisburg, PA 17109.

##### Capital Area Intermediate Unit (CAIU)

The CAIU Board of Directors consists of members from the IU's constituent school districts. The CAIU Board members are school district board members who are elected by the public and are appointed to the CAIU Board by the member school districts' Boards of Directors. Susquehanna Township School District and one other school district alternate responsibility for appointing one of these members. The CAIU Board has decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters. Susquehanna Township School District contracts with the CAIU for special education services for District students. The amount paid for these services in the year ended June 30, 2023, was approximately \$1,081,569. Complete financial information for CAIU can be obtained from the Administrative Office at 55 Miller Street, Enola, PA 17025-1640.

## SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 13. Risk Management**

##### Hospitalization

The District is exposed to various risks of loss related to torts: theft of, damage to, or destruction of assets, errors, or omissions. Significant losses are covered by commercial insurance for all major programs. For insured programs, there have been no significant reductions in settlement coverage. Settlement amounts have not exceeded insurance coverage for the current or the three prior years. During the year ended June 30, 2023, the District did not incur any significant losses that were not covered by insurance.

Effective July 1, 2017, the District has elected to self-insure its employee medical insurance plan. The District entered into the Public School Health Insurance Cooperative (PSHIC), which will reimburse the District for any medical costs over \$85,000 per covered individual per year. The District believes that it has adequately provided for all asserted claims and has no knowledge of unasserted claims for which it has not provided. The District has a surplus related to the plan in the amount of \$782,176 at June 30, 2023. The cost of medical coverage for employees was approximately \$4,168,400 in 2023, inclusive of IBNR.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT**

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

<b>For the Fiscal Year Ended June 30</b>	<b>District's Proportion of the Net Pension Liability</b>	<b>District's Proportionate Share of the Net Pension Liability</b>	<b>District's Covered Payroll</b>	<b>District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2023	0.1388%	\$ 61,709,000	\$ 20,465,978	301.52%	61.34%
2022	0.1401%	\$ 57,520,000	\$ 19,904,686	288.98%	63.67%
2021	0.1381%	\$ 67,999,000	\$ 19,377,674	350.91%	54.32%
2020	0.1412%	\$ 66,057,000	\$ 19,473,836	339.21%	55.66%
2019	0.1449%	\$ 69,559,000	\$ 19,507,505	356.58%	54.00%
2018	0.1497%	\$ 73,934,000	\$ 19,937,067	370.84%	51.84%
2017	0.1477%	\$ 73,195,000	\$ 19,122,313	382.77%	50.14%
2016	0.1455%	\$ 63,024,000	\$ 18,722,498	336.62%	54.36%
2015	0.1488%	\$ 58,897,000	\$ 18,985,367	310.22%	57.24%

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

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

**SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT**

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

<b>For the Fiscal Year Ended June 30</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to the Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>District's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2023	\$ 7,324,109	\$ (7,324,109)	\$ -	\$ 21,213,916	34.53%
2022	\$ 6,976,045	\$ (6,976,045)	\$ -	\$ 20,434,516	34.14%
2021	\$ 6,711,061	\$ (6,711,061)	\$ -	\$ 19,902,998	33.72%
2020	\$ 6,506,330	\$ (6,506,330)	\$ -	\$ 19,394,604	33.55%
2019	\$ 6,343,519	\$ (6,343,519)	\$ -	\$ 19,621,214	32.33%
2018	\$ 6,204,645	\$ (6,204,645)	\$ -	\$ 19,528,996	31.77%
2017	\$ 5,708,403	\$ (5,708,403)	\$ -	\$ 19,939,422	28.63%
2016	\$ 4,677,211	\$ (4,677,211)	\$ -	\$ 19,070,689	24.53%
2015	\$ 3,631,000	\$ (3,631,000)	\$ -	\$ 18,910,852	19.20%

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.

SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION -  
SCHEDULES OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS -  
DISTRICT'S SINGLE EMPLOYER PLAN  
For the Fiscal Year Ended June 30,**

	2023	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>						
Service cost	\$ 502,123	\$ 498,239	\$ 298,331	\$ 295,705	\$ 282,302	\$ 252,199
Interest	110,487	84,704	117,503	99,574	111,197	78,759
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(1,073,254)	-	170,320	-	(442,208)	-
Changes in assumptions	(948,471)	(128,339)	420,332	(83,331)	7,328	229,582
Benefit payments	(186,235)	(143,283)	(156,864)	(161,242)	(209,237)	(191,301)
Other Changes	-	-	-	-	-	-
<b>Net change in total OPEB liability</b>	<b>(1,595,350)</b>	<b>311,321</b>	<b>849,622</b>	<b>150,706</b>	<b>(250,618)</b>	<b>369,239</b>
<b>Total OPEB Liability - beginning</b>	<b>4,444,694</b>	<b>4,133,373</b>	<b>3,283,751</b>	<b>3,133,045</b>	<b>3,383,663</b>	<b>3,014,424</b>
<b>Total OPEB Liability - ending</b>	<b>\$ 2,849,344</b>	<b>\$ 4,444,694</b>	<b>\$ 4,133,373</b>	<b>\$ 3,283,751</b>	<b>\$ 3,133,045</b>	<b>\$ 3,383,663</b>
<b>Covered payroll</b>	<b>\$ 18,502,897</b>	<b>\$ 18,793,426</b>	<b>\$ 18,793,426</b>	<b>\$ 18,829,998</b>	<b>\$ 18,829,997</b>	<b>\$ 19,045,075</b>
<b>Net OPEB liability as a percentage of covered payroll</b>	<b>15.40%</b>	<b>23.65%</b>	<b>21.99%</b>	<b>17.44%</b>	<b>16.64%</b>	<b>17.77%</b>

**Notes to Schedule:**

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

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

**SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT**

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

<b>For the Fiscal Year Ended June 30</b>	<b>District's Proportion of the Net OPEB Liability</b>	<b>District's Proportionate Share of the Net OPEB Liability</b>	<b>District's Covered Payroll</b>	<b>District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>
2023	0.1392%	\$ 2,562,000	\$ 20,465,978	12.52%	6.86%
2022	0.1404%	\$ 3,328,000	\$ 19,904,686	16.72%	5.30%
2021	0.1381%	\$ 2,984,000	\$ 19,377,674	15.40%	5.69%
2020	0.1412%	\$ 3,003,000	\$ 19,473,836	15.42%	5.56%
2019	0.1449%	\$ 3,021,000	\$ 19,507,505	15.49%	5.56%
2018	0.1497%	\$ 3,050,000	\$ 19,937,067	15.30%	5.73%

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.



**SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT**

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

<b>For the Fiscal Year Ended June 30</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to the Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>District's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2023	\$ 159,174	\$ (159,174)	\$ -	\$ 21,213,916	0.75%
2022	\$ 163,470	\$ (163,470)	\$ -	\$ 20,434,516	0.80%
2021	\$ 163,344	\$ (163,344)	\$ -	\$ 19,902,998	0.82%
2020	\$ 163,387	\$ (163,387)	\$ -	\$ 19,394,604	0.84%
2019	\$ 161,507	\$ (161,507)	\$ -	\$ 19,621,214	0.82%
2018	\$ 162,251	\$ (162,251)	\$ -	\$ 19,528,996	0.83%

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.

## **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  
Susquehanna Township School District  
Harrisburg, 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 Susquehanna Township School District (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 3, 2024.

**Report on Internal Control Over Financial Reporting**

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

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

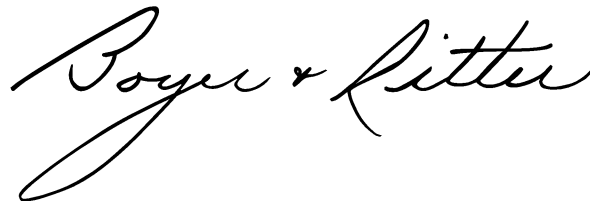
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

## **Report on Compliance and Other Matters**

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

## **Purpose of this Report**

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

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

Camp Hill, Pennsylvania  
January 3, 2024

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

Board of School Directors  
Susquehanna Township School District  
Harrisburg, Pennsylvania

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

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

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

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

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

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

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

***Responsibilities of Management for Compliance***

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

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

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

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

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

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

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The District is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The District's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

## Report on Internal Control Over Compliance

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

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

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

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

A handwritten signature in black ink, reading "Boyer & Ritter". The signature is written in a cursive, flowing style with a large loop at the end of the word "Ritter".

Camp Hill, Pennsylvania  
January 3, 2024

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

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

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**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements  
noted?        Yes   X   No

**Federal Awards**

Internal control over major programs:

- Material weakness (es) identified?        Yes   X   No
- Significant deficiency(ies) identified that are 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(1)?   X   Yes        No



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

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**Section I -- Summary of Auditor's Results (Continued)**

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Identification of the major programs:

Assistance Listing	
Number(s)	Name of Federal Program/Cluster
84.425	COVID-19 - 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

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**Section II -- Financial Statement Findings**

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A. Significant Deficiencies in Internal Control

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

B. Compliance Findings

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

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

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A. Compliance Findings

**Finding 2023-001: Procurement**

Federal Agency: U.S. Department of Education

Pass-through agency: Pennsylvania Department of Education

Assistance Listing Number: 84.425 Education Stabilization Fund

**Criteria:** The Uniform Guidance requires that non-federal entities must have and use documented procurement procedures consistent with laws and regulations and the standards for the acquisition of property or services under a federal award or subaward in accordance with 2 CFR 200.318. Furthermore, the non-federal entity is required to follow formal procurement methods when the value of the procurement for property or service under a federal financial assistance award exceeds the simplified acquisition threshold in accordance with 2 CFR 200.320.

**Condition:** The District did not follow the appropriate procedures to comply with Uniform Grant Guidance.

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

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

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**A. Compliance Findings (Continued)**

**Context:** During testing, it was noted that the District had entered into a lease agreement in 2017 to acquire computer equipment. The equipment was acquired through COSTARS, a cooperative purchasing program. While purchases through COSTARS meet the cooperative purchase requirement for local government purchasing under 62 Pa.C.S. section 1902, they do not meet the more stringent requirements of the Uniform Grant Guidance. Subsequently, the District decided to budget for and pay for this lease agreement in the 2021-2022 school year under the Education Stabilization Fund. In using federal funds to pay for the lease agreement, the District inadvertently did not follow its procurement policy. While the school district developed a plan to correct these procedures, it was not fully implemented until the 2023-2024 school year.

**Cause:** When the District initially entered into the lease agreement, they were unaware that the future cost of the lease would be paid for with federal funding.

**Effect:** The District did not follow its procurement policy and ultimately did not comply with the standards of the Uniform Grant Guidance.

**Questioned Cost:** None

**Identification of Repeat Finding:** Yes

**Recommendation:** We recommend that when the District decides to utilize cooperative purchasing programs and use federal funds for those purchases that a review of compliance with the procurement policy occurs. The District should then document its process and how it complies with the procurement standards.

**View of Responsible Officials:** The District has reviewed the applicable Uniform Guidance from the Federal Office of Management and Budget and has developed administrative procedures to aid with ensuring that all procurements financed with federal funding fully comply with Uniform Grant Guidance Federal acquisition thresholds and requirements. On June 15, 2023, business office representatives met with staff members potentially involved with procurements that may be federally funded. The business manager reviewed the newly established protocol developed to assist with compliance with all in attendance. The protocol was officially deployed on July 1, 2023, but unfortunately was not in place during the 22-23 FY. It is noted that one-half of the 22-23 FY was already over at the time the district received notification of this initial finding.

**B. Significant Deficiency(ies) in Internal Control**

There were no findings relating to the Federal awards required to be reported in accordance with Section 2 CFR 200.516(1) of the Uniform Guidance.

SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2023

Grantor Program Title	Assistance Listing Number	Pass Through Grantor's Number	Grant Period	Program or Annual Award	Total Received for the Year	Accrued or (Deferred) Revenue at July 1, 2022	Revenue Recognized	Expenditures Recognized	Accrued or (Deferred) Revenue at June 30, 2023	Provided to Subrecipients
<b>U.S. Department of Education</b>										
Passed through the Pennsylvania Department of Education										
Title I - Grants to Local Educational Agencies	84.010	013-210425	20-21	\$	770,719	\$ -	\$ (340)	\$ 340	\$ -	\$ -
Title I - Grants to Local Educational Agencies	84.010	013-22-0425 A	21-22	\$	783,218	162,116	156,404	4,089	4,089	(1,623)
Title I - Grants to Local Educational Agencies	84.010	013-23-0425	22-23	\$	756,698	540,511	-	749,021	749,021	208,510
						702,627	156,064	753,450	753,450	206,887
										-
Title II - Supporting Effective Instruction State Grants	84.367	020-21-0425	20-21	\$	117,343	-	(7,196)	7,196	7,196	-
Title II - Supporting Effective Instruction State Grants	84.367	020-22-0425	21-22	\$	113,013	48,200	5,446	40,742	40,742	(2,012)
Title II - Supporting Effective Instruction State Grants	84.367	020-23-0425	22-23	\$	105,250	67,219	-	84,063	84,063	16,844
						115,419	(1,750)	132,001	132,001	14,832
										-
Title IV - Student Support and Academic Enrichment Program	84.424	144-22-0425	21-22	\$	56,747	20,288	11,002	5,332	5,332	(3,954)
Title IV - Student Support and Academic Enrichment Program	84.424	144-23-0425	22-23	\$	60,191	45,051	-	46,770	46,770	1,719
						65,339	11,002	52,102	52,102	(2,235)
										-
COVID-19 - Elementary & Secondary School Emergency Relief (ESSER) Fund	84.425D	200-200425	19-21	\$	381,069	-	(2,068)	2,068	2,068	-
COVID-19 - Elementary & Secondary School Emergency Relief (ESSER) Fund	84.425D	200-21-0425	20-23	\$	2,786,530	583,227	583,227	-	-	-
						583,227	581,159	2,068	2,068	-
										-
COVID-19 - Governor's Emergency Education Relief (GEER) Fund	84.425C	253-200425	20-21	\$	69,300	-	(22)	22	22	-
						-	(22)	22	22	-
										-
COVID-19 - American Rescue Plan - Elementary & Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	223-21-0425	20-24	\$	5,636,344	2,664,453	988,924	2,106,513	2,106,513	430,984
										-
COVID-19 - American Rescue Plan - Elementary & Secondary School emergency Relief - Homeless Children and Youth	84.425W	181-212423	21-24	\$	33,062	18,650	15,819	14,494	14,494	11,663
						2,683,103	1,004,743	2,121,007	2,121,007	442,647
										-
COVID-19 - American Rescue Plan - Elementary & Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	225-21-0425	20-24	\$	312,908	5,689	(17,068)	-	-	(22,757)
COVID-19 - American Rescue Plan - Elementary & Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	225-21-0425	20-24	\$	62,582	1,138	(3,414)	-	-	(4,552)
COVID-19 - American Rescue Plan - Elementary & Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	225-21-0425	20-24	\$	62,582	1,138	(3,414)	-	-	(4,552)
						7,965	(23,896)	-	-	(31,861)
										-
Total passed through the Pennsylvania Department of Education						4,157,680	1,727,300	3,060,650	3,060,650	630,270
										-
Passed through the Pennsylvania Commission on Crime & Delinquency:										
COVID-19 - Elementary & Secondary School Emergency Relief (ESSER) Fund	84.425D	2020-ES-01-35295	20-22	\$	98,459	799	799	-	-	-
						799	799	-	-	-
										-
Passed through Capital Area Intermediate Unit										
Title III English Language Acquisition State Grants	84.365	FA-010-22-0615	20-21	\$	14,869	11,242	-	19,748	19,748	8,506
						11,242	-	19,748	19,748	8,506
										-
Special Education - Early Intervention Grant	84.173	NA	22-23	\$	1,799	1,799	-	1,799	1,799	-
COVID-19 - Special Education - ARP Supplemental IDEA - Part B	84.027X	H027X210093	21-22	\$	128,863	45,506	6,057	39,449	39,449	-
Special Education Grants to States	84.027	N/A	22-23	\$	527,938	527,938	-	527,938	527,938	-
						575,243	6,057	569,186	569,186	-
										-
Total passed through the Capital Area Intermediate Unit						586,485	6,057	588,934	588,934	8,506
										-
Passed through Pennsylvania Training and Technical Assistance Network										
Pattan UDL Grant	84.027	062-21-0032	N/A	\$	15,000	7,500	(6,482)	2,400	2,400	(11,582)
Total passed through Pennsylvania Training and Technical Assistance Network						7,500	(6,482)	2,400	2,400	(11,582)
										-
<b>Total U.S. Department of Education</b>						4,752,464	1,727,674	3,651,984	3,651,984	627,194
										-

(Continued)

SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

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

Grantor Program Title	Assistance Listing Number	Pass Through Grantor's Number	Grant Period	Program or Annual Award	Total Received for the Year	Accrued or (Deferred) Revenue at July 1, 2022	Revenue Recognized	Expenditures Recognized	Accrued or (Deferred) Revenue at June 30, 2023	Provided to Subrecipients
<b>U.S. Department of Health and Human Services</b>										
Passed through the Pennsylvania Department of Public Welfare										
Medical Assistance Program	93.778	ACCESS 044-07425	21-22	N/A	26,032	-	26,032	26,032	-	-
<b>Total U.S. Department of Health and Human Services</b>					26,032	-	26,032	26,032	-	-
<b>U.S. Department of Agriculture</b>										
Passed through the Pennsylvania Department of Education										
School Breakfast Program	10.553	N/A	21-22	N/A	79,356	79,356	-	-	-	-
School Breakfast Program	10.553	N/A	22-23	N/A	413,009	-	427,361	427,361	14,352	-
					492,365	79,356	427,361	427,361	14,352	-
National School Lunch Program	10.555	N/A	21-22	N/A	219,538	219,538	-	-	-	-
National School Lunch Program	10.555	N/A	22-23	N/A	1,090,633	-	1,121,734	1,121,734	31,101	-
COVID-19 - National School Lunch Program - Supply Chain Assistance - Round 2	10.555	N/A	22-23	N/A	55,978	-	55,978	55,978	-	-
COVID-19 - National School Lunch Program - Supply Chain Assistance - Round 3	10.555	N/A	22-23	N/A	27,903	-	27,903	27,903	-	-
COVID-19 - P-EBT Local Admin Funds	10.649	N/A	22-23	N/A	628	-	628	628	-	-
					1,394,680	219,538	1,206,243	1,206,243	31,101	-
Total passed through the Pennsylvania Department of Education					1,887,045	298,894	1,633,604	1,633,604	45,453	-
Passed through the Pennsylvania Department of Agriculture										
National School Lunch Program - Food Donations	10.555	N/A	20-21	N/A	157,913	-	157,913	157,913	-	-
<b>Total U.S. Department of Agriculture</b>					2,044,958	298,894	1,791,517	1,791,517	45,453	-
<b>Total Expenditures of Federal Awards</b>					\$ 6,823,454	\$ 2,026,568	\$ 5,469,533	\$ 5,469,533	\$ 672,647	\$ -
Child Nutrition Cluster (Assistance Listing Numbers - 10.553 and 10.555)					\$ 2,044,958	\$ 298,894	\$ 1,791,517	\$ 1,791,517	\$ 45,453	\$ -
Special Education Cluster (Assistance Listing Numbers - 84.027 and 84.173)					\$ 582,743	\$ (425)	\$ 571,586	\$ 571,586	\$ (11,582)	\$ -
Education Stabilization Fund (Assistance Listing Numbers 84.425)					\$ 3,275,094	\$ 1,562,783	\$ 2,123,097	\$ 2,123,097	\$ 410,786	\$ -

See Notes to Schedule of Expenditures of Federal Awards.

## SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2023

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#### **Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the Federal-grant activity of the District under programs of the Federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Susquehanna Township School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the Susquehanna Township School 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, as applicable, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Revenue is recognized when earned, and expenses are recognized when incurred. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. The District has not elected to use the 10-percent de Minimis indirect cost rate as allowed under the Uniform Guidance.

#### **Note 3. Access Program**

The ACCESS Program is a medical assistance program that reimburses local education agencies for direct, eligible health-related services provided to enrolled special needs students. ACCESS reimbursements are federal monies but are classified as fee-for-service revenues and are not considered federal financial assistance and are not included on the Schedule. The amount of ACCESS funding expended, but not included on the Schedule for the year ended June 30, 2023, was \$200,000.

## SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

### SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS Year Ended June 30, 2023

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#### Compliance Findings

Federal Agency: U.S. Department of Education  
Pass-through agency: Pennsylvania Department of Education  
Assistance Listing Number: 84.425 Education Stabilization Fund

**Criteria:** The Uniform Guidance requires that non-federal entities must have and use documented procurement procedures consistent with laws and regulations and the standards for the acquisition of property or services under a federal award or subaward in accordance with 2 CFR 200.318. Furthermore, the non-federal entity is required to follow formal procurement methods when the value of the procurement for property or service under a federal financial assistance award exceeds the simplified acquisition threshold in accordance with 2 CFR 200.320.

**Condition:** The District did not follow the appropriate procedures to comply with Uniform Grant Guidance.

**Context:** During testing, it was noted that the District had entered into a lease agreement in 2017 to acquire computer equipment. The equipment was acquired through COSTARS, a cooperative purchasing program. While purchases through COSTARS meet the cooperative purchase requirement for local government purchasing under 62 Pa.C.S. section 1902, they do not meet the more stringent requirements of the Uniform Grant Guidance. Subsequently, the District decided to budget for and pay for this lease agreement in the 2021-2022 school year under the Education Stabilization Fund. In using federal funds to pay for the lease agreement, the District inadvertently did not follow its procurement policy.

**Cause:** When the District initially entered into the lease agreement, they were unaware that the future cost of the lease would be paid for with federal funding.

**Effect:** The District did not follow its procurement policy and ultimately did not comply with the standards of the Uniform Grant Guidance.

**Questioned Cost:** None

**Identification of Repeat Finding:** No

**Recommendation:** We recommend that when the District decides to utilize cooperative purchasing programs and use federal funds for those purchases that a review of compliance with the procurement policy occurs. The District should then document its process and how it complies with the procurement standards.

## SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

### SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS Year Ended June 30, 2023

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#### Compliance Findings (Continued)

**View of Responsible Officials:** The District has reviewed the applicable Uniform Guidance from the Federal Office of Management and Budget and has developed administrative procedures to aid with ensuring that all procurements financed with federal funding fully comply with Uniform Grant Guidance Federal acquisition thresholds and requirements. Effective the 2022-2023 fiscal year forward the District will fully deploy the referenced administrative procedures to all applicable District stakeholders and monitor all such procurements for compliance purposes.

*Current Status - This finding is repeated in the current year schedule of findings and questioned costs.*

# SUSQUEHANNA TOWNSHIP

## SCHOOL DISTRICT

World Class. Every Day. In Every Way.

DISTRICT OFFICE

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### CORRECTIVE ACTION PLAN

#### YEAR ENDED JUNE 30, 2023

Susquehanna Township School District respectfully submits the following corrective action plan for the year ended June 30, 2023.

The finding from the schedule of findings and questioned costs is discussed below. The finding is numbered consistently with the numbers assigned in the schedule:

#### A. Compliance Findings

##### **Finding 2023-001: Procurement**

Federal Agency: U.S. Department of Education

Pass-through agency: Pennsylvania Department of Education

Assistance Listing Number: 84.425 Education Stabilization Fund

**Criteria:** The Uniform Guidance requires that non-federal entities must have and use documented procurement procedures consistent with laws and regulations and the standards for the acquisition of property or services under a federal award or subaward in accordance with 2 CFR 200.318. Furthermore, the non-federal entity is required to follow formal procurement methods when the value of the procurement for property or service under a federal financial assistance award exceeds the simplified acquisition threshold in accordance with 2 CFR 200.320.

**Condition:** The District did not follow the appropriate procedures to comply with Uniform Grant Guidance.

**Context:** During testing, it was noted that the District had entered into a lease agreement in 2017 to acquire computer equipment. The equipment was acquired through COSTARS, a cooperative purchasing program. While purchases through COSTARS meet the cooperative purchase requirement for local government purchasing under 62 Pa.C.S. section 1902, they do not meet the more stringent requirements of the Uniform Grant Guidance. Subsequently, the District decided to budget for and pay for this lease agreement in the 2021-2022 school year under the Education Stabilization Fund. In using federal funds to pay for the lease agreement, the District inadvertently did not follow its procurement policy. While the school district developed a plan to correct these procedures, it was not fully implemented until the 2023-2024 school year.

**Cause:** When the District initially entered into the lease agreement, they were unaware that the future cost of the lease would be paid for with federal funding.



**Effect:** The District did not follow its procurement policy and ultimately did not comply with the standards of the Uniform Grant Guidance.

**Questioned Cost:** None

**Identification of Repeat Finding:** No

**Recommendation:** We recommend that when the District decides to utilize cooperative purchasing programs and use federal funds for those purchases that a review of compliance with the procurement policy occurs. The District should then document its process and how it complies with the procurement standards.

**View of Responsible Officials:** The District has reviewed the applicable Uniform Guidance from the Federal Office of Management and Budget and has developed administrative procedures to aid with ensuring that all procurements financed with federal funding fully comply with Uniform Grant Guidance Federal acquisition thresholds and requirements. On June 15, 2023, business office representatives met with staff members potentially involved with procurements that may be federally funded. The business manager reviewed the newly established protocol developed to assist with compliance with all in attendance. The protocol was officially deployed on July 1, 2023, but unfortunately was not in place during the 22-23 FY. It is noted that one-half of the 22-23 FY was already over at the time the district received notification of this initial finding.

**Person Responsible:** Oslwen C. Anderson, Jr., Business Manager **OCA**

**Completion Date:** June 30, 2023