

**SUSQUEHANNA TOWNSHIP  
SCHOOL DISTRICT**

**FINANCIAL REPORT**

**JUNE 30, 2024**

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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, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Contents.

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

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (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 2, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, in considering District's internal control over financial reporting and compliance.

A handwritten signature in cursive script, reading "Boyer & Ritter". The signature is written in dark ink and is positioned centrally on the page.

Camp Hill, Pennsylvania  
January 2, 2025

**SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended June 30, 2024**

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, 2024. 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, 2024, are as follows:

- The total Governmental and Business-Type Activities liabilities of the District exceeded its assets at June 30, 2024, by \$19 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 \$5,721,959 from the previous year occurred.
- The District's food service program, the only business-type activity, reported a total increase in net position of \$669,462 during the 2023-2024 fiscal year. Total food service revenues increased by 7.01% or \$179,932 during the fiscal year. Food service expenses increased by 15.67% or \$281,381.
- As of June 30, 2024, the District's governmental funds reported combined ending fund balances of \$33,963,634, an increase of \$12,905,704 in comparison with the prior year. Approximately 18.36% of total governmental fund balance is available for spending at the district's discretion (unassigned). When considering the \$12,905,704 increase in combined governmental funds fund balance, it is important to note that the general fund balance increased by \$1,346,885 while the capital projects fund balance increased in the amount of \$11,548,441 attributable to the net effect associated with the issuance of \$14,997,546 in 2024 series General Obligation Bonds and bond premium, \$207,951 in revenues earned from investments, transfer of \$914,577 from the general fund to the capital projects fund, and expenditures of \$4,571,633 in funds associated 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 increased by \$10,378.
- The general fund reported an unassigned fund balance on June 30, 2024, of \$6,234,581, which is 9.36% of budget expenditures for the 2024-2025 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 2024-2025 fiscal year total \$66,599,761.

**SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**Year Ended June 30, 2024**

**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 14 through 15 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 16 and 18 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 21 through 23 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 26 through 66 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 67 through 71.

**SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**Year Ended June 30, 2024**

**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.

**SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
Year Ended June 30, 2024**

**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 17 and 19.
- **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 24 and 25.

**SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**Year Ended June 30, 2024**

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

The District's total net deficit was (\$19,008,308) at June 30, 2024, which includes (\$20,438,818) in governmental activities and \$1,430,510 in business-type activities.

**Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total Activities	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Current assets	\$ 46,286,546	\$ 32,226,452	\$ 2,707,656	\$ 2,053,860	\$ 48,994,202	\$ 34,280,312
Capital assets	45,952,088	44,179,886	40,089	54,936	45,992,177	44,234,822
<b>Total assets</b>	<b>\$ 92,238,634</b>	<b>\$ 76,406,338</b>	<b>\$ 2,747,745</b>	<b>\$ 2,108,796</b>	<b>\$ 94,986,379</b>	<b>\$ 78,515,134</b>
<b>Deferred outflows of resources</b>	<b>\$ 11,311,786</b>	<b>\$ 10,779,741</b>	<b>\$ 231,118</b>	<b>\$ 219,836</b>	<b>\$ 11,542,904</b>	<b>\$ 10,999,577</b>
Current liabilities	\$ 8,142,016	\$ 7,573,847	\$ 87,103	\$ 78,570	\$ 8,229,119	\$ 7,652,417
Long-term liabilities	111,418,161	99,606,351	1,373,174	1,380,122	112,791,335	100,986,473
<b>Total liabilities</b>	<b>\$ 119,560,177</b>	<b>\$ 107,180,198</b>	<b>\$ 1,460,277</b>	<b>\$ 1,458,692</b>	<b>\$ 121,020,454</b>	<b>\$ 108,638,890</b>
<b>Deferred inflows of resources</b>	<b>\$ 4,429,061</b>	<b>\$ 5,497,196</b>	<b>\$ 88,076</b>	<b>\$ 108,892</b>	<b>\$ 4,517,137</b>	<b>\$ 5,606,088</b>
Net investment in capital assets	\$ 16,140,007	\$ 11,475,266	\$ 40,089	\$ 54,936	\$ 16,180,096	\$ 11,530,202
Restricted	3,768,830	6,996,906	-	-	3,768,830	6,996,906
Unrestricted	(40,347,655)	(43,963,487)	1,390,421	706,112	(38,957,234)	(43,257,375)
<b>Total net deficit</b>	<b>\$ (20,438,818)</b>	<b>\$ (25,491,315)</b>	<b>\$ 1,430,510</b>	<b>\$ 761,048</b>	<b>\$ (19,008,308)</b>	<b>\$ (24,730,267)</b>



**SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
Year Ended June 30, 2024**

**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 2023-2024 fiscal year, the changes in net position for governmental activities was an increase of \$5,052,497, and an increase of \$669,462 for business-type activities, for a net total increase of \$5,721,959, 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	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Program Revenues						
Charges for services	\$ 32,105	\$ 48,587	\$ 282,412	\$ 486,464	\$ 314,517	\$ 535,051
Operating and capital grants and contributions	9,940,787	9,456,082	2,434,926	2,072,288	12,375,713	11,528,370
<b>Total program revenues</b>	<u>9,972,892</u>	<u>9,504,669</u>	<u>2,717,338</u>	<u>2,558,752</u>	<u>12,690,230</u>	<u>12,063,421</u>
General Revenues						
Taxes	44,716,599	42,071,977	-	-	44,716,599	42,071,977
General subsidies	9,205,220	8,064,412	-	-	9,205,220	8,064,412
Investment earnings	1,079,027	687,654	29,431	8,085	1,108,458	695,739
Other local revenue	33,507	102,953	-	-	33,507	102,953
Special item - LEA joint venture buy-in	40,813	(27,860)	-	-	40,813	(27,860)
<b>Total general revenues</b>	<u>55,075,166</u>	<u>50,899,136</u>	<u>29,431</u>	<u>8,085</u>	<u>55,104,597</u>	<u>50,907,221</u>
<b>Total revenues</b>	<u>65,048,058</u>	<u>60,403,805</u>	<u>2,746,769</u>	<u>2,566,837</u>	<u>67,794,827</u>	<u>62,970,642</u>
Total Expenses	<u>59,995,561</u>	<u>54,096,397</u>	<u>2,077,307</u>	<u>1,795,926</u>	<u>62,072,868</u>	<u>55,892,323</u>
<b>Changes in net position</b>	<u>5,052,497</u>	<u>6,307,408</u>	<u>669,462</u>	<u>770,911</u>	<u>5,721,959</u>	<u>7,078,319</u>
Net Deficit - July 1, 2023	(25,491,315)	(31,798,723)	761,048	(9,863)	(24,730,267)	(31,808,586)
<b>Net Deficit - June 30, 2024</b>	<u>\$ (20,438,818)</u>	<u>\$ (25,491,315)</u>	<u>\$ 1,430,510</u>	<u>\$ 761,048</u>	<u>\$ (19,008,308)</u>	<u>\$ (24,730,267)</u>



**SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
Year Ended June 30, 2024**

**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 \$14,506,785 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	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Instruction	\$ 37,979,306	\$ 36,800,232	\$ 7,411,863	\$ 8,382,641	\$ 30,567,443	\$ 28,417,591
Instructional student support	4,042,984	2,914,536	332,362	-	3,710,622	2,914,536
Administrative and financial support	7,455,922	5,768,835	704,012	66,467	6,751,910	5,702,368
Operation and maintenance of plant services	5,425,495	4,132,217	349,274	12,328	5,076,221	4,119,889
Pupil transportation	2,923,229	2,714,882	990,460	943,829	1,932,769	1,771,053
Student activities	1,148,290	879,050	120,899	35,209	1,027,391	843,841
Community services	8,192	9,737	443	-	7,749	9,737
Interest on long-term debt	1,012,143	876,908	63,579	64,195	948,564	812,713
<b>Total governmental activities</b>	<b>\$ 59,995,561</b>	<b>\$ 54,096,397</b>	<b>\$ 9,972,892</b>	<b>\$ 9,504,669</b>	<b>\$ 50,022,669</b>	<b>\$ 44,591,728</b>
General subsidies revenue, not restricted					(9,205,220)	(8,064,412)
<b>Total needs from taxes and other local sources</b>					<b>\$ 40,817,449</b>	<b>\$ 36,527,316</b>

<b>Business-Type Activities</b>						
	Direct Expenses		Program Revenues		Net Cost	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Food services	\$ 2,077,307	\$ 1,795,926	\$ 2,717,338	\$ 2,558,752	\$ (640,031)	\$ (762,826)
<b>Total business-type activities</b>	<b>\$ 2,077,307</b>	<b>\$ 1,795,926</b>	<b>\$ 2,717,338</b>	<b>\$ 2,558,752</b>	<b>\$ (640,031)</b>	<b>\$ (762,826)</b>

**SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
Year Ended June 30, 2024**

**The District's Funds**

At June 30, 2024, governmental funds reported a combined fund balance of \$33,963,634, which is an increase of \$12,905,704 from June 30, 2023. This increase is attributable to the net effect of increases in the general fund of \$1,346,885 and increases in the capital projects and student sponsored activity funds of \$11,548,441 and \$10,378 respectively.

	6/30/2024	6/30/2023	Change	% Change
General Fund				
Nonspendable	\$ 349,041	\$ 2,156	\$ 346,885	16089.29%
Assigned	8,824,287	8,824,287	-	0.00%
Unassigned	6,234,581	5,234,581	1,000,000	19.10%
Capital Projects Fund				
Restricted	18,458,069	6,909,628	11,548,441	167.14%
Student Sponsored Activity Fund	97,656	87,278	10,378	11.89%
<b>Total Governmental Fund Balances</b>	<b>\$ 33,963,634</b>	<b>\$ 21,057,930</b>	<b>\$ 12,905,704</b>	<b>61.29%</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.

**SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**Year Ended June 30, 2024**

**Capital Assets (net of depreciation)**

At June 30, 2024, the District had \$45,992,177 in governmental and business-type capital assets, which represents an increase of \$1,757,355. The increase was due to capital asset additions exceeding depreciation associated with the district's annual operations.

	6/30/2024	6/30/2023	Change
Governmental Activities			
Land	\$ 215,004	\$ 215,004	\$ -
Land improvements	4,239,741	1,838,089	2,401,652
Construction-in-progress	2,278,620	1,889,095	389,525
Buildings and improvements	34,941,290	36,395,619	(1,454,329)
Furniture and equipment	3,201,141	3,441,198	(240,057)
Furniture	35,832	-	35,832
Vehicles	133,135	-	133,135
Right-to-use leased equipment	733,057	230,697	502,360
Right-to-use subscription assets	174,268	170,184	4,084
<b>Total governmental capital assets</b>	<b>45,952,088</b>	<b>44,179,886</b>	<b>1,772,202</b>
Business-Type Activities			
<b>Total business capital assets</b>	<b>40,089</b>	<b>54,936</b>	<b>(14,847)</b>
<b>Total capital assets</b>	<b>\$ 45,992,177</b>	<b>\$ 44,234,822</b>	<b>\$ 1,757,355</b>

**SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
Year Ended June 30, 2024**

**Debt Administration**

Bonds payable were \$43,937,141 and \$31,618,764 at June 30, 2024 and 2023, respectively. The amount of bond principal due within one year is \$2,550,000. Moody's Corporation has assigned its municipal bond rating of "Aa3" to all outstanding series of bonds.

**Next Year's Budget and Economic**

The 2024-2025 Fiscal Year General Fund Budget represents an increase of \$1.17 million or 1.78% in spending. This increase is well below the permissible Act 1 Adjusted Index increase of 6.4% and was achievable in spite of significant required costs associated with increased student enrollment, the addition of 17.5 new staff members, employment contracts, and increased debt service costs associated with the issuance of 2024 series General Obligation Bonds.

The district was able to maintain the 1.78% increase in spending by both identifying programmatically acceptable budgetary cuts, as well as reducing budgets to better align with previous years' actual expenditure trends performance below budgetary levels. When combining this expenditure management strategy with an approved 6.4% real estate tax increase, the district managed to balance its budget without budgetary use of fund balance.

Susquehanna Township School District possesses the fastest growing student enrollment of all Dauphin County School Districts, 15% over a six-year consecutive period and has experienced a significant increase in its low-income student population. When considering the impact these two factors have on district spending and the district's lack of facility space to satisfactorily address this growth, it is important that the district continues to engage in the development of long-term fiscal and facility strategies and planning to maintain sound financial and operation positions.

**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, 2024

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 26,817,632	\$ 2,657,661	\$ 29,475,293
Investments	9,572,361	-	9,572,361
Receivables	9,547,512	6,595	9,554,107
Inventories	-	43,400	43,400
Prepaid expenses	349,041	-	349,041
Capital and right-to-use assets			
Land and construction-in-progress	2,493,626	-	2,493,626
Other capital assets, net of depreciation	43,458,462	40,089	43,498,551
Total capital assets	45,952,088	40,089	45,992,177
<b>Total assets</b>	<b>\$ 92,238,634</b>	<b>\$ 2,747,745</b>	<b>\$ 94,986,379</b>
<b>Deferred Outflows of Resources</b>			
Deferred amounts on pension liability	\$ 10,228,000	\$ 209,000	\$ 10,437,000
Deferred amounts on OPEB liabilities	1,083,786	22,118	1,105,904
<b>Total deferred outflows of resources</b>	<b>\$ 11,311,786</b>	<b>\$ 231,118</b>	<b>\$ 11,542,904</b>
<b>Liabilities</b>			
Internal balances	\$ (55,226)	\$ 55,225	\$ (1)
Accounts payable and accrued expenses	8,172,818	5,415	8,178,233
Unearned revenues	24,424	26,463	50,887
Long-term obligations			
Due within one year	3,100,451	1,008	3,101,459
Due in more than one year	43,026,995	39,294	43,066,289
Net pension liability	59,771,000	1,220,000	60,991,000
Other post-employment benefits (OPEB) liabilities	5,519,715	112,872	5,632,587
Total long-term liabilities	111,418,161	1,373,174	112,791,335
<b>Total liabilities</b>	<b>\$ 119,560,177</b>	<b>\$ 1,460,277</b>	<b>\$ 121,020,454</b>
<b>Deferred Inflows of Resources</b>			
Deferred amounts on pension liability	\$ 1,665,000	\$ 34,000	\$ 1,699,000
Deferred amounts on OPEB liabilities	2,649,731	54,076	2,703,807
Deferred amounts on refunding debt	114,330	-	114,330
<b>Total deferred inflows of resources</b>	<b>\$ 4,429,061</b>	<b>\$ 88,076</b>	<b>\$ 4,517,137</b>
<b>Net Position (Deficit)</b>			
Net investment in capital assets	\$ 16,140,007	\$ 40,089	\$ 16,180,096
Restricted	3,768,830	-	3,768,830
Unrestricted	(40,347,655)	1,390,421	(38,957,234)
<b>Total net position (deficit)</b>	<b>\$ (20,438,818)</b>	<b>\$ 1,430,510</b>	<b>\$ (19,008,308)</b>

See Notes to Financial Statements.

SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2024

Functions/Programs	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	\$ 37,979,306	\$ 225	\$ 7,411,638	\$ -	\$ (30,567,443)	\$ (30,567,443)
Instructional student support	4,042,984	-	332,362	-	(3,710,622)	(3,710,622)
Administration and financial services	7,455,922	-	704,012	-	(6,751,910)	(6,751,910)
Operation and maintenance of plant services	5,425,495	10,171	339,103	-	(5,076,221)	(5,076,221)
Pupil transportation	2,923,229	-	990,460	-	(1,932,769)	(1,932,769)
Student activities	1,148,290	21,266	99,633	-	(1,027,391)	(1,027,391)
Community services	8,192	443	-	-	(7,749)	(7,749)
Interest on long-term debt	1,012,143	-	-	63,579	(948,564)	(948,564)
<b>Total governmental activities</b>	<b>59,995,561</b>	<b>32,105</b>	<b>9,877,208</b>	<b>63,579</b>	<b>(50,022,669)</b>	<b>(50,022,669)</b>
<b>Business-Type Activities:</b>						
Food Service	2,077,307	282,412	2,434,926	-	-	640,031
<b>Total primary government</b>	<b>\$ 62,072,868</b>	<b>\$ 314,517</b>	<b>\$ 12,312,134</b>	<b>\$ 63,579</b>	<b>\$ (50,022,669)</b>	<b>\$ (49,382,638)</b>
<b>General Revenues:</b>						
Property taxes, levied for general purposes, net				\$ 35,711,382	\$ -	\$ 35,711,382
Public utility, realty transfer, earned income and other taxes for general purposes, net				9,005,217	-	9,005,217
Grants, subsidies and contributions not restricted				9,205,220	-	9,205,220
Investment earnings				1,079,027	29,431	1,108,458
Miscellaneous revenue				33,507	-	33,507
Gain on a sale of assets				40,813	-	40,813
<b>Total general revenues</b>				<b>55,075,166</b>	<b>29,431</b>	<b>55,104,597</b>
<b>Changes in net position</b>						
				5,052,497	669,462	5,721,959
<b>Net Position (Deficit) - July 1, 2023</b>				<b>(25,491,315)</b>	<b>761,048</b>	<b>(24,730,267)</b>
<b>Net Position (Deficit) - June 30, 2024</b>				<b>\$ (20,438,818)</b>	<b>\$ 1,430,510</b>	<b>\$ (19,008,308)</b>

See Notes to Financial Statements.

SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

**BALANCE SHEET - GOVERNMENTAL FUNDS**

**June 30, 2024**

	General Fund	Capital Projects Fund	Student Sponsored Activity Fund	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 8,640,617	\$ 18,075,962	\$ 101,053	\$ 26,817,632
Investments	9,572,361	-	-	9,572,361
Due from other funds	58,623	914,577	-	973,200
Due from other governments	3,287,375	-	-	3,287,375
Taxes receivable	5,500,230	-	-	5,500,230
Other receivables, net of allowance	759,907	-	-	759,907
Prepaid expenses	349,041	-	-	349,041
<b>Total assets</b>	<b>\$ 28,168,154</b>	<b>\$ 18,990,539</b>	<b>\$ 101,053</b>	<b>\$ 47,259,746</b>
<b>Liabilities</b>				
Accounts payable	\$ 1,429,459	\$ 463,166	\$ -	\$ 1,892,625
Contracts payable - retainage	-	69,304	-	69,304
Accrued salaries and benefits	3,732,677	-	-	3,732,677
Due to other funds	914,577	-	3,397	917,974
Payroll deductions and withholdings	2,307,038	-	-	2,307,038
Unearned revenues	24,424	-	-	24,424
Other current liabilities	35,962	-	-	35,962
<b>Total liabilities</b>	<b>8,444,137</b>	<b>532,470</b>	<b>3,397</b>	<b>8,980,004</b>
<b>Deferred Inflows of Resources</b>				
Delinquent property taxes	4,316,108	-	-	4,316,108
<b>Fund Balances</b>				
Nonspendable	349,041	-	-	349,041
Restricted	-	18,458,069	97,656	18,555,725
Assigned	8,824,287	-	-	8,824,287
Unassigned	6,234,581	-	-	6,234,581
<b>Total fund balances</b>	<b>15,407,909</b>	<b>18,458,069</b>	<b>97,656</b>	<b>33,963,634</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 28,168,154</b>	<b>\$ 18,990,539</b>	<b>\$ 101,053</b>	<b>\$ 47,259,746</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, 2024**

<b>Total fund balances - governmental funds</b>	<b>\$ 33,963,634</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.	45,952,088
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.	4,316,108
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.	(114,330)
Deferred inflows	
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	10,228,000
Deferred inflows	(1,665,000)
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	1,083,786
Deferred inflows	(2,649,731)
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	(43,937,141)
Leases payable	(409,825)
Financed purchase agreements payable	(661,835)
Subscription liabilities	(128,406)
Accrued interest	(135,212)
Net pension liability	(59,771,000)
Other post-employment benefits	(5,519,715)
Accrued compensated absences	(990,239)
	(111,553,373)
<b>Total net deficit - governmental activities</b>	<b>\$ (20,438,818)</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, 2024**

	General Fund	Capital Projects Fund	Student Sponsored Activity Fund	Totals Governmental Funds
<b>Revenues</b>				
Local sources	\$ 45,886,262	\$ 207,951	\$ 53,104	\$ 46,147,317
State sources	14,506,785	-	-	14,506,785
Federal sources	3,759,808	-	-	3,759,808
<b>Total revenues</b>	<u>64,152,855</u>	<u>207,951</u>	<u>53,104</u>	<u>64,413,910</u>
<b>Expenditures</b>				
Instruction	37,569,009	-	-	37,569,009
Support services	19,269,708	-	-	19,269,708
Operation of non-instructional services	1,093,065	239,875	42,726	1,375,666
Capital outlay	331,471	4,331,758	-	4,663,229
Debt service	4,478,362	-	-	4,478,362
Refund of prior year's receipts	101,846	-	-	101,846
<b>Total expenditures</b>	<u>62,843,461</u>	<u>4,571,633</u>	<u>42,726</u>	<u>67,457,820</u>
<b>Excess (deficiency) of revenues over expenditures</b>	1,309,394	(4,363,682)	10,378	(3,043,910)
<b>Other Financing Sources</b>				
Proceeds from sale of fixed assets	40,813	-	-	40,813
Interfund transfers in	-	914,577	-	914,577
Interfund transfers out	(914,577)	-	-	(914,577)
Issuance of general obligation bonds	-	13,365,000	-	13,365,000
Bond premium	-	1,632,546	-	1,632,546
Proceeds from extended-term financing	487,367	-	-	487,367
Proceeds from leases and right to use assets	423,888	-	-	423,888
<b>Total other financing sources</b>	<u>37,491</u>	<u>15,912,123</u>	<u>-</u>	<u>15,949,614</u>
<b>Net changes in fund balances</b>	1,346,885	11,548,441	10,378	12,905,704
Fund Balances - July 1, 2023	14,061,024	6,909,628	87,278	21,057,930
Fund Balances - June 30, 2024	<u>\$ 15,407,909</u>	<u>\$ 18,458,069</u>	<u>\$ 97,656</u>	<u>\$ 33,963,634</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, 2024**

Net changes in fund balances - governmental funds	\$ 12,905,704
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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	5,510,545	
Less depreciation/amortization expense	(3,738,343)	
Less loss on disposal of asset	<u>-</u>	1,772,202

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.	593,332
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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.	(7,112)
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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)	7,364,000
Cost of benefits earned net of employee contributions (PSERS)	(5,204,700)

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	(106,391)
Change in other post-employment benefits (District's plan)	(116,912)

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.	
Issuance of long-term debt, including bond premium	(14,997,546)
Repayment of long-term debt	2,460,000
Issuance of leases payable	(807,993)
Repayment of leases payable	631,815
Issuance of financed purchase agreements payable	(487,367)
Repayment of financed purchase agreements payable	751,621
Issuance from subscription arrangements	(48,242)
Repayment of subscription liabilities	85,479
Amortization of bond premiums and discounts - net	219,169
Amortization of charges for bond refunding	<u>45,436</u>
	(12,147,627)

<b>Changes in net position of governmental activities</b>	<b>\$ 5,052,497</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, 2024**

	General Fund			Variance with Final Budget
	Budgeted Amounts		Actual	
	Original	Final		
Revenues				
Local sources	\$ 44,685,482	\$ 44,685,482	\$ 45,886,262	\$ 1,200,780
State sources	14,334,300	14,334,300	14,506,785	172,485
Federal sources	3,657,758	3,657,758	3,759,808	102,050
Total revenues	62,677,540	62,677,540	64,152,855	1,475,315
Expenditures				
Instruction	40,455,719	40,455,719	37,569,009	2,886,710
Support services	18,860,260	18,860,260	19,269,708	(409,448)
Operation of noninstructional services	1,143,646	1,143,646	1,093,065	50,581
Capital outlay	40,000	40,000	331,471	(291,471)
Debt service	4,933,160	4,933,160	4,478,362	454,798
Refund of prior year's receipts	-	-	101,846	(101,846)
Total expenditures	65,432,785	65,432,785	62,843,461	2,589,324
Excess (deficiency) of revenues over expenditures	(2,755,245)	(2,755,245)	1,309,394	4,064,639
Other Financing Sources				
Proceeds from sale of fixed assets	-	-	40,813	40,813
Interfund transfers out	-	-	(914,577)	(914,577)
Proceeds from extended-term financing	484,861	484,861	487,367	2,506
Proceeds from leases and right to use assets	-	-	423,888	423,888
Total other financing sources	484,861	484,861	37,491	(447,370)
Net changes in fund balance	\$ (2,270,384)	\$ (2,270,384)	\$ 1,346,885	\$ 3,617,269
Fund Balance - July 1, 2023			14,061,024	
Fund Balance - June 30, 2024			\$ 15,407,909	

See Notes to Financial Statements.

# SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

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

June 30, 2024

<b>Assets</b>	
Cash and cash equivalents	\$ 2,657,661
Receivables	
State sources	148
Federal sources	6,447
Inventories	43,400
Other capital assets, net of depreciation	40,089
<b>Total assets</b>	<u><u>\$ 2,747,745</u></u>
<b>Deferred Outflows of Resources</b>	
Deferred amounts on pension liability	\$ 209,000
Deferred amounts on OPEB liabilities	22,118
<b>Total deferred outflows of resources</b>	<u><u>\$ 231,118</u></u>
<b>Liabilities</b>	
Internal balances	\$ 55,225
Unearned revenues	26,463
Accrued salaries and benefits	5,415
Current portion of accumulated compensated absences	1,008
Long-term liabilities	
Net pension liability	1,220,000
Other post-employment benefits (OPEB) liabilities	112,872
Accumulated compensated absences	39,294
Total long-term liabilities	<u>1,372,166</u>
<b>Total liabilities</b>	<u><u>\$ 1,460,277</u></u>
<b>Deferred Inflows of Resources</b>	
Deferred amounts on pension liability	\$ 34,000
Deferred amounts on OPEB liabilities	54,076
<b>Total deferred inflows of resources</b>	<u><u>\$ 88,076</u></u>
<b>Net Position</b>	
Net investment in capital assets	\$ 40,089
Unrestricted	1,390,421
<b>Total net deficit</b>	<u><u>\$ 1,430,510</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, 2024**

Operating Revenues	
Food service revenue	\$ 282,412
Operating Expenses	
Salaries	590,605
Employee benefits	278,507
Purchased professional and technical services	1,411
Purchased property services	11,288
Other purchased services	20,660
Supplies	1,159,990
Depreciation	14,846
<b>Total operating expenses</b>	<b>2,077,307</b>
<b>Operating loss</b>	<b>(1,794,895)</b>
Nonoperating Revenues	
Investment earnings	29,431
State sources	241,294
Federal sources	2,193,632
<b>Total nonoperating revenues</b>	<b>2,464,357</b>
<b>Changes in net position</b>	<b>669,462</b>
Net Position - July 1, 2023	761,048
Net Position - June 30, 2024	\$ 1,430,510

See Notes to Financial Statements.

# SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

## STATEMENT OF CASH FLOWS - PROPRIETARY FUND - FOOD SERVICE Year Ended June 30, 2024

Cash Flows From Operating Activities	
Cash received from meal sales	\$ 289,658
Cash payments for goods and services	(1,000,899)
Cash payments to employees for services	(901,801)
<b>Net cash used in operating activities</b>	<u>(1,613,042)</u>
Cash Flows From Noncapital Financing Activities	
State sources	247,125
Federal sources	2,039,129
<b>Net cash provided by noncapital financing activities</b>	<u>2,286,254</u>
Cash Flows From Investing Activities	
<b>Investment earnings</b>	<u>29,431</u>
<b>Net change in cash and cash equivalents</b>	702,643
Cash and Cash Equivalents:	
July 1, 2023	1,955,017
June 30, 2024	<u>\$ 2,657,660</u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities	
Operating loss	\$ (1,794,895)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation	14,846
Donated commodities used	193,509
Changes in assets and liabilities:	
(Increase) decrease in:	
Inventories	4,011
Deferred outflows of resources	(11,282)
Internal balances	4,753
(Decrease) increase in:	
Accounts payable	(5,070)
Unearned revenue	7,246
Accrued salaries and benefits	1,604
Compensated absences	2,167
Net pension liability	(14,000)
OPEB liabilities	4,885
Deferred inflows of resources	(20,816)
<b>Net cash used in operating activities</b>	<u>\$ (1,613,042)</u>
<b>Supplemental Disclosure</b>	
Noncash noncapital financing activity:	
USDA donated commodities	<u>\$ 193,509</u>

See Notes to Financial Statements.

**SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT**

**STATEMENT OF FIDUCIARY NET POSITION**

**June 30, 2024**

	Private-Purpose Trust Fund
<b>Assets</b>	
Cash and cash equivalents	\$ 180,043
<b>Total assets</b>	<u>\$ 180,043</u>
<b>Net Position</b>	
Restricted and held in trust for scholarships	\$ 180,043
<b>Total net position</b>	<u>\$ 180,043</u>

See Notes to Financial Statements.

## SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

### STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Year Ended June 30, 2024

	Private-Purpose Trust Fund
Additions	
Gifts and contributions	\$ 56,000
Investment earnings	2,296
<b>Total additions</b>	<u>58,296</u>
 <b>Changes in net deficit</b>	 58,296
 Net Position - July 1, 2022	 <u>121,747</u>
Net Position - June 30, 2023	<u><u>\$ 180,043</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 3,110 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).

The District reports the following non-major governmental fund:

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, 2024.
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, 2024, 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

#### 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, 2024, are as follows:

	Governmental Activities	Business-Type Activities	Total
OPEB Liabilities			
District's Single Employer Plan	\$ 3,080,715	\$ 62,872	\$ 3,143,587
PSERS Cost Sharing Plan	2,439,000	50,000	2,489,000
Total	<u>\$ 5,519,715</u>	<u>\$ 112,872</u>	<u>\$ 5,632,587</u>
Deferred Outflows of Resources			
District's Single Employer Plan	\$ 681,986	\$ 13,918	\$ 695,904
PSERS Cost Sharing Plan	401,800	8,200	410,000
Total	<u>\$ 1,083,786</u>	<u>\$ 22,118</u>	<u>\$ 1,105,904</u>
Deferred Inflows of Resources			
District's Single Employer Plan	\$ 2,056,831	\$ 41,976	\$ 2,098,807
PSERS Costs Sharing Plan	592,900	12,100	605,000
Total	<u>\$ 2,649,731</u>	<u>\$ 54,076</u>	<u>\$ 2,703,807</u>

Additional disclosures related to other post-employment benefits of the District's Single Employer Plan and PSERS Cost Sharing Plan are in Notes 9 and 10, 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 60 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, 2024, the District had no encumbrances.

## SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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

##### 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.

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

GASB Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*, 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.

The following are descriptions of accounting pronouncements which will be considered for implementation during subsequent fiscal years:

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

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

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

## 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)**

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

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

##### **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 2, 2025, 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, 2024, 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	15,203,051	16,637,724	First National Bank
	<u>\$ 15,453,051</u>	<u>\$ 16,887,724</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

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

##### Investments

As of June 30, 2024, 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	\$23,674,631
Total PSDLAF			<u>\$23,674,631</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 2023-2024 is as follows:

July 1, 2023	Tax Levy Date
Through August 31, 2023	2% Discount
September 1 - October 31, 2023	Face payment period
November 1 - December 31, 2023	10% Penalty Period
January 1, 2024	Lien Filing Date

The District's tax rate for all purposes in 2023-2024 was 20.7074 mills (\$20.7074 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, 2024, are as follows:

	Amount
Uncollected taxes	\$ 8,221,809
Estimated uncollectible taxes	(2,721,579)
Taxes Receivable - Net	<u>\$ 5,500,230</u>
Taxes to be collected within 60 days	\$ 1,184,121
Deferred inflows of resources - delinquent property taxes	<u>4,316,109</u>
Taxes Receivable - Net	<u>\$ 5,500,230</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

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

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

	Interfund Receivables	Interfund Payables
Governmental Fund		
General	\$ 58,623	\$ 914,577
Student Activities	-	3,398
Capital Projects	914,577	-
Proprietary Fund		
Food service	-	55,225
	<u>\$ 973,200</u>	<u>\$ 973,200</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.

Fund transfers for the year ended June 30, 2024, were as follows:

	Transfers In	Transfers Out
Governmental Funds		
Capital Projects	\$ 914,577	\$ -
General	-	914,577
	<u>\$ 914,577</u>	<u>\$ 914,577</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, 2024, was as follows:

	July 1, 2023 (restated)	Increases	Decreases	June 30, 2024
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 215,004	\$ -	\$ -	\$ 215,004
Construction-in-progress	1,889,095	4,185,795	(3,796,270)	2,278,620
Total capital assets not being depreciated	2,104,099	4,185,795	(3,796,270)	2,493,624
Capital and right-to-use assets being depreciated/amortized				
Land and site improvements	4,765,099	2,666,499	-	7,431,598
Buildings and building improvements	67,667,113	658,785	-	68,325,898
Furniture and equipment	11,362,523	708,495	(1,503,340)	10,567,678
Furniture	-	38,588	-	38,588
Vehicle	-	147,928	-	147,928
Right-to-use leased equipment	293,731	807,993	-	1,101,724
Right-to-use subscription assets	256,326	92,732	-	349,058
Total capital and right-to-use assets being depreciated/amortized	84,344,792	5,121,020	(1,503,340)	87,962,472
Less accumulated depreciation/amortization				
Land and site improvements	2,927,010	264,847	-	3,191,857
Buildings and building improvements	31,271,494	2,113,114	-	33,384,608
Furniture and equipment	7,921,325	948,552	(1,503,340)	7,366,537
Furniture	-	2,756	-	2,756
Vehicle	-	14,793	-	14,793
Right-to-use lease equipment	63,034	305,633	-	368,667
Right-to-use subscription assets	86,142	88,648	-	174,790
Total accumulated depreciation/amortization	42,269,005	3,738,343	(1,503,340)	44,504,008
Total capital and right-to-use assets being depreciated/amortized, net	42,075,787	1,382,677	-	43,458,464
Total Governmental Activities, capital and right-to-use assets - Net	\$ 44,179,886	\$ 5,568,472	\$ (3,796,270)	\$ 45,952,088
<b>Business-Type Activities</b>				
Capital assets being depreciated				
Equipment	\$ 760,051	\$ -	\$ -	\$ 760,051
Less accumulated depreciation				
Equipment	705,115	14,847	-	719,962
Total Business-Type Activities, Capital Assets - Net	\$ 54,936	\$ (14,847)	\$ -	\$ 40,089

# 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	\$ 2,685,940
Instructional student support	248,429
Administration and financial support	475,703
Operation and maintenance of plant services	253,468
Student activities	74,472
Community services	331
Total governmental activities	<u>3,738,343</u>
<b>Business-Type Activities</b>	
Food service	14,846
Total School District	<u><u>\$ 3,753,189</u></u>

### Note 7. Long-Term Obligations

A summary of the reporting entity's long-term obligations as of June 30, 2024, and transactions during the year then ended follows:

	1-Jul-23 (restated)	Increases	Decreases	June 30, 2024	Due within one year
<b>Governmental Activities</b>					
General Obligation Bonds					
Series of 2019	\$ 9,385,000	\$ -	\$ (335,000)	\$ 9,050,000	\$ 340,000
General Obligation Notes					
Series of 2020	20,990,000	-	(2,125,000)	18,865,000	2,210,000
General Obligation Notes					
Series of 2024	-	13,365,000	-	13,365,000	-
Net premium (discount) on bonds	1,243,764	1,632,546	(219,169)	2,657,141	-
Total Bonds and Notes	<u>31,618,764</u>	<u>14,997,546</u>	<u>(2,679,169)</u>	<u>43,937,141</u>	<u>2,550,000</u>
Leases payable	233,647	807,993	(631,815)	409,825	168,510
Financed purchase agreement payable	926,090	487,367	(751,621)	661,835	317,753
Subscription Liability	165,643	48,242	(85,479)	128,406	39,432
Compensated absences	883,848	106,391	-	990,239	24,756
<b>Total governmental activities</b>					
<b>long-term liabilities</b>	<u>\$ 33,827,992</u>	<u>\$ 16,447,538</u>	<u>\$ (4,148,084)</u>	<u>\$ 46,127,446</u>	<u>\$ 3,100,451</u>
<b>Business-Type Activities</b>					
Compensated absences	\$ 38,135	\$ 2,167	\$ -	\$ 40,302	\$ 1,008
<b>Total business-type activities</b>					
<b>long-term liabilities</b>	<u>\$ 38,135</u>	<u>\$ 2,167</u>	<u>\$ -</u>	<u>\$ 40,302</u>	<u>\$ 1,008</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.

General Obligation Bonds - Series of 2024 - On June 17, 2024, the District issued General Obligation Notes - Series of 2024, in the principal amount of \$13,365,000. The proceeds provided funds to fund the design, planning and design of the new elementary school and other capital projects for the District, and to pay the costs of issuing and insuring the Note or any or all of the same. Interest is payable semi-annually at rates at 5.5%. The notes mature serially in amounts ranging from \$5,000 to \$4,330,000 through May 15, 2037.

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

Year Ending June 30:	General Obligation Debt		
	Principal	Interest	Total
2025	\$ 2,550,000	\$ 1,228,223	\$ 3,778,223
2026	2,740,000	1,433,248	4,173,248
2027	3,020,000	1,335,235	4,355,235
2028	3,140,000	1,217,173	4,357,173
2029	2,955,000	1,154,310	4,109,310
2030-2034	16,025,000	4,399,300	20,424,300
2035-2037	10,850,000	1,102,750	11,952,750
	<u>\$ 41,280,000</u>	<u>\$ 11,870,238</u>	<u>\$ 53,150,238</u>

# SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### 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	\$ 3,251,792
Less: accumulated depreciation	<u>(1,927,702)</u>
Total machinery and equipment - net book value	<u>\$ 1,324,090</u>

The following is a schedule of the future minimum-lease payments due under the lease-purchase obligation at June 30, 2024:

Year Ending June 30:	Amount
2025	\$ 348,241
2026	235,589
2027	<u>130,884</u>
Total minimum lease payments	714,714
Less: amount representing interest	<u>(52,879)</u>
Total present value of net minimum lease payments	<u>\$ 661,835</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 2027. 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, 2024:

Year Ending June 30:	Right-to-use Equipment		
	Principal	Interest	Total Payments
2025	\$ 168,510	\$ 10,835	\$ 179,345
2026	174,069	5,276	179,345
2027	67,245	983	68,227
	<u>\$ 409,825</u>	<u>\$ 17,093</u>	<u>\$ 426,918</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 2027. 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, 2024:

Year Ending June 30:	Right-to-use Subscription		
	Principal	Interest	Total Payments
2025	\$ 39,432	\$ 2,644	\$ 42,076
2026	64,431	2,935	67,366
2027	24,543	747	25,290
	<u>\$ 128,406</u>	<u>\$ 6,326</u>	<u>\$ 134,732</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%
		10.30% base rate with shared risk provision		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%
		5.50% base rate with shared risk provision		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%
		4.50% base rate with shared risk provision		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%
		N/A		After 7/1/21: 8.25%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

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

#### Employer Contributions:

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

The District is required to pay the entire contribution and will be reimbursed by the Commonwealth in an amount equal to the Commonwealth's share as determined by the income aid ratio (as defined in Act 29 of 1994), which is at least one-half of the total District's rate. The District's contributions to the Plan, relating to pension benefits, for the year ended June 30, 2024, was \$7,547,092, and is equal to the required contribution for the year. For the year ended June 30, 2024, the District recognized gross retirement subsidy revenue from the Commonwealth in the amount of \$3,828,783.



# 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, 2024, the District reported a liability of \$60,991,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2022 to June 30, 2023. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the District's reported proportion was 0.1371%, which was an decrease of 0.0017% from its proportion reported as of June 30, 2023.

For the year ended June 30, 2024, the District recognized pension expense of \$5,447,000. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 14,000	\$ 835,000
Changes in assumptions	910,000	-
Net difference between projected and actual investment earnings	1,725,000	-
Changes in proportion	241,000	864,000
Contributions subsequent to the measurement date	7,547,000	-
	<u>\$ 10,437,000</u>	<u>\$ 1,699,000</u>

\$7,547,000 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
2025	\$ 509,000
2026	(1,537,000)
2027	1,644,000
2028	575,000
	<u>\$ 1,191,000</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, 2023, was determined by rolling forward the System's total pension liability as of June 30, 2022 to June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation Date - June 30, 2022
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 7.00%, includes inflation at 2.50%.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022 and as of June 30, 2023.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
  - Salary growth rate - decreased from 5.00% to 4.50%.
  - Real wage growth and merit or seniority increases (components for salary growth) - decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
  - Mortality rates - Previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

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

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

## 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	30.0%	5.2%
Private equity	12.0%	7.9%
Fixed income	33.0%	3.2%
Commodities	7.5%	2.7%
Infrastructure/MLPs	10.0%	5.4%
Real estate	11.0%	5.7%
Absolute return	4.0%	4.1%
Cash	3.0%	1.2%
Leverage	-10.5%	1.2%
	<u>100.0%</u>	

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

##### 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	\$ 79,061,000	\$ 60,991,000	\$ 45,745,000

##### 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, 2024, the District reported a payable to PSERS of \$2,603,931, 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-II: 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, 2022, actuarial valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	14
Active employees	339
	<u>353</u>

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

At June 30, 2024, the District reported a liability of \$3,143,587 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>\$ 2,849,344</u>
Changes for the year	
Service cost	268,175
Interest	123,398
Changes in assumptions	46,970
Estimated benefit payments	<u>(144,300)</u>
Net Changes	294,243
Total OPEB Liability, ending	<u>\$ 3,143,587</u>

# SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### 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, 2024, the District recognized OPEB expense of \$253,030. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 117,912	\$ 1,146,250
Changes in assumptions	444,263	952,557
Benefit payments subsequent to the measurement date	133,729	-
	<u>\$ 695,904</u>	<u>\$ 2,098,807</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$133,729 resulting from District benefit payments subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year Ending June 30:	Total
2025	\$ (138,543)
2026	(138,543)
2027	(138,543)
2028	(138,543)
2029	(138,543)
Thereafter	(843,917)
	<u>\$ (1,536,632)</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 - 4.13%. Based on S&P Municipal Bond 20 Year High Grade Rate Index at July 1, 2023.
- Actuarial Cost Method: Entry Age Normal, Level Percent of Pay.
- Healthcare Cost Trend Rate: 7.0% in 2023 with 0.5% decrease per year until 5.5% in 2026. Rates gradually decrease from 5.4% in 2027 to 4.1% in 2075 and later based on the Society of Actuaries Long-run Medical Cost Trend Model

## 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 4.09%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.09%) or one percentage higher (5.09%) than the current rate:

	1% Decrease 3.13%	Current Discount Rate 4.13%	1% Increase 5.13%
Total OPEB liability	\$ 3,381,170	\$ 3,143,587	\$ 2,920,327

##### Change in Actuarial Assumptions

The discount rate used to measure the total OPEB liability increased from 4.06% as of July 1, 2022, to 4.13% as of July 1, 2023.

##### 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 (7.0% decreasing to 4.1%), 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	\$ 2,784,301	\$ 3,143,587	\$ 3,567,465



## 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, 2024, was 0.64% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$144,788 for the year ended June 30, 2024.

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

At June 30, 2024, the District reported a liability of \$2,489,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2022 to June 30, 2023. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the District's reported proportion was 0.1376%, which was a increase of 0.0016% from its proportion reported as of June 30, 2023.

For the year ended June 30, 2024, the District recognized OPEB expense of \$41,100. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 16,000	\$ 25,000
Changes in assumptions	215,000	471,000
Net difference between projected and actual investment earnings	6,000	-
Changes in proportion	28,000	109,000
Contributions subsequent to the measurement date	145,000	-
	<u>\$ 410,000</u>	<u>\$ 605,000</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)

\$144,000 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
2025	\$ (85,000)
2026	(82,000)
2027	(81,000)
2028	(82,000)
2029	(10,000)
Thereafter	-
	<u>\$ (340,000)</u>

##### Actuarial Assumptions

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

- Valuation Date - June 30, 2022.
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 4.13% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 4.5%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
  - Eligible retirees will elect to participate Pre age 65 at 50%
  - Eligible retirees will elect to participate Post age 65 at 70%
- The discount rate used to measure the total OPEB liability increased from 4.09% as of June 30, 2022 to 4.13% as of June 30, 2023.

## 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, 2022, valuation were based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2020.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2021, determined the employer contribution rate for fiscal year 2023.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: The actual data for retirees benefiting under the Plan as of June 30, 2021, was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

##### 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	Long-Term
	Allocation	Expected Real Rate of Return
Cash	100.0%	1.2%
	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, 2023.

## 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 4.13%. Under the plan's funding policy, contributions are structured for short-term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 4.13% which represents the S&P 20-year Municipal Bond Rate at June 30, 2023, was applied to all projected benefit payments to measure the total OPEB liability.

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

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

	1% Decrease 3.13%	Current Discount Rate 4.13%	1% Increase 5.13%
District's proportionate share of the net OPEB liability	\$ 2,815,000	\$ 2,489,000	\$ 2,217,000

## 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	\$ 2,489,000	\$ 2,489,000	\$ 2,490,000

##### 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, 2024, the District reported a payable to PSERS of \$49,956, 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.

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, 2024, was approximately \$1,887,612. 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, 2024, was \$1,572,178. 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
2025	\$ 224,923
2026	224,536
2027	224,975
2028	224,289
2029	224,517
2030-2031	448,938
	<u>\$ 1,572,178</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, 2024, was \$211,168.31, 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, 2024, was approximately \$757,015. 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, 2024, 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 \$95,000 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 \$425,821 at June 30, 2024. The cost of medical coverage for employees was approximately \$4,689,800 in 2024, 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

For the Fiscal Year Ended June 30	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.1371%	\$ 60,991,000	\$ 21,082,833	289.29%	61.85%
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.

SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 7,547,092	\$ (7,547,092)	\$ -	\$ 22,607,945	33.38%
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.

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,

	2024	2023	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>							
Service cost	\$ 268,175	\$ 502,123	\$ 498,239	\$ 298,331	\$ 295,705	\$ 282,302	\$ 252,199
Interest	123,398	110,487	84,704	117,503	99,574	111,197	78,759
Differences between expected and actual experience	-	(1,073,254)	-	170,320	-	(442,208)	-
Changes in assumptions	46,970	(948,471)	(128,339)	420,332	(83,331)	7,328	229,582
Benefit payments	(144,300)	(186,235)	(143,283)	(156,864)	(161,242)	(209,237)	(191,301)
<b>Net change in total OPEB liability</b>	<b>294,243</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>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>3,014,424</b>
<b>Total OPEB Liability - ending</b>	<b>\$ 3,143,587</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>\$ 18,502,897</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>16.99%</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 4.06% to 4.13%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS assumptions.

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

**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>
2024	0.1376%	\$ 2,489,000	\$ 21,082,833	11.81%	7.22%
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

For the Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 144,788	\$ (144,788)	\$ -	\$ 22,607,945	0.64%
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, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 2, 2025.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. 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, reading "Boyer & Ritter". The signature is written in black ink and is centered on the page.

Camp Hill, Pennsylvania  
January 2, 2025

**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, 2024. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

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

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

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

***Responsibilities of Management for Compliance***

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

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

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

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

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

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

### ***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 2024-001. 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 cursive script, reading "Boyer & Ritter". The signature is written in black ink and is positioned centrally on the page.

Camp Hill, Pennsylvania  
January 2, 2025

**SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended June 30, 2024**

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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, 2024**

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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
84.010	Title I - Grants to Local Educational Agencies
84.027/84.173	IDEA, Part B

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 2024-001: Procurement**

Federal Agency: U.S. Department of Education

Pass-through agency: Pennsylvania Department of Education

Assistance Listing Number: 84.425 Education Stabilization Fund; 84.027 IDEA

**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. The Uniform Guidance requires that non-federal entity must maintain records sufficient to detail the history of procurement and adherence to related compliance requirements.

- 1) Records should include, but are not necessarily limited to, the following rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. 2 CFR 200.318(i)



**SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended June 30, 2024**

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**Section III -- Federal Award Findings and Questioned Costs (Continued)**

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A. Compliance Findings (Continued)

**Criteria (Continued):**

- 2) Noncompetitive procurement can only be awarded if one or more of the following circumstances apply 2 CFR 200.320(c):
  - a) The acquisition of property or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold;
  - b) The item is available only from a single source;
  - c) The public exigency or emergency for the requirement will not permit a delay resulting from publicizing a competitive solicitation;
  - d) The Federal awarding agency or pass-through entity expressly authorizes a noncompetitive procurement in response to a written request from the non-Federal entity; or
  - e) After solicitation of a number of sources, competition is determined inadequate. adequately document costs in accordance with 2 CFR 200.403(g).
- 3) The Non-Federal entity must perform a cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold including contract modifications. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, the non-Federal entity must make independent estimates before receiving bids or proposals. 2 CFR 200.324(a). Per PDE and Pennsylvania Bulletin, the Entity must perform a cost or price analysis for purchases in excess of the Simplified Acquisition Threshold of \$250,000.

**Condition:** The District did not follow the appropriate procedures to comply with Uniform Grant Guidance. During our audits and PDE's monitoring review completed in fiscal year 2023-2024, the ESSER Monitoring Team and we noted the following Procurement Findings:

1. The School District was unable to provide purchase orders for several services purchased with Federal funds.
2. The School District did not document its rationale for noncompetitive procurement.
3. The School District did not conduct a cost or price analysis for purchases in excess of the Simplified Acquisition Threshold of \$250,000.
4. Procurement files for 2 vendors, which exceed \$10,000 but not \$22,500 for goods and \$10,000 but not \$250,000 for services, did not have the accompanying three price or rate quotations.
5. The School District did not conduct a cost or price analysis for purchases in excess of the Simplified Acquisition Threshold of \$250,000.
6. Vendor contracts did not contain the necessary contract provisions
7. The ESSER Monitoring Team was unable to obtain and review sufficient documentation to verify that the procurement was competitively performed for 1 vendor, such as proof of advertisement, request for proposal, bid evaluation, and award letter for procurement of the following vendor



**SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended June 30, 2024**

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**Section III -- Federal Award Findings and Questioned Costs (Continued)**

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**B. 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:** Non-compliance with Uniform Guidance Procurement requirements.

**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:** The District must implement procedures to fully comply with Uniform Guidance Procurement requirements.

**View of Responsible Officials:** The District will require all payments to have either a purchase order or request for payment form completed. The Accounts Payable Coordinator is responsible for ensuring the form is signed for all disbursements. For the particular item cited by our monitors the Superintendent and Business Manager signed off on the invoice instead of a request for payment form. The District Accountant / Business Office Manager discussed with the Accounts Payable Coordinator that going forward this is insufficient. All payments must have either a purchase order or request for payment form. The District Accountant / Business Office Manager reviews backup documentation for check disbursements. During their review if any payments are discovered to be missing a purchase order or request for payment form, he will notify the Accounts Payable Coordinator to complete the form. This is effective immediately.

The District has also reviewed the applicable Uniform Grant Guidance Procurement requirements and has developed an electronic procurement process. All staff members making purchases with federal funds must complete the electronic procurement form. All completed forms must be reviewed and approved by the Business Manager. All sole source procurements must be noted within the electronic procurement application and justification must be approved by the Business Manager. This process was presented by the Business Office to Leadership Personnel on 5/9/24 and is effective now.

**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, 2024

Grantor Program Title	Assistance Listing Number	Pass Through Grantor's Number	Grant Period	Program or Annual Award	Total Received for the Year	Accrued or (Deferred) Revenue at July 1, 2023	Revenue Recognized	Expenditures Recognized	Accrued or (Deferred) Revenue at June 30, 2024	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	013-22-0425	21-22	\$ 783,218	\$ -	\$ (1,622)	\$ 1,622	\$ 1,622	\$ -	\$ -
Title I - Grants to Local Educational Agencies	84 010	013-22-0425	23-23	\$ 756,698	216,187	208,511	4,778	4,778	(2,898)	-
Title I - Grants to Local Educational Agencies	84 010	013-24-0425	23-25	\$ 841,646	616,902	-	833,443	833,443	216,541	-
					833,089	206,889	839,843	839,843	213,643	-
Title II - Supporting Effective Instruction State Grants										
Title II - Supporting Effective Instruction State Grants	84 367	020-22-0425	21-22	\$ 113,013	-	(2,012)	2,012	2,012	-	-
Title II - Supporting Effective Instruction State Grants	84 367	020-23-0425	22-23	\$ 105,250	38,031	16,844	21,187	21,187	-	-
Title II - Supporting Effective Instruction State Grants	84 367	020-24-0425	23-25	\$ 117,083	100,732	-	107,168	107,168	6,436	-
					138,763	14,832	130,367	130,367	6,436	-
Title IV - Student Support and Academic Enrichment Program										
Title IV - Student Support and Academic Enrichment Program	84 424	144-22-0425	21-22	\$ 56,747	-	(3,954)	3,954	3,954	-	-
Title IV - Student Support and Academic Enrichment Program	84 424	144-23-0425	22-23	\$ 60,191	15,140	1,719	13,421	13,421	-	-
Title IV - Student Support and Academic Enrichment Program	84 424	144-24-0425	23-25	\$ 59,238	51,339	-	48,129	48,129	(3,210)	-
					66,479	(2,235)	65,504	65,504	(3,210)	-
COVID-19 - American Rescue Plan - Elementary & Secondary School Emergency Relief (ARP ESSER) Fund										
COVID-19 - American Rescue Plan - Elementary & Secondary School Emergency Relief (ARP ESSER) Fund	84 425	223-21-0425	20-24	\$ 5,636,344	2,049,580	430,983	2,130,992	2,130,992	512,395	-
	84 425	181-21-0423	21-24	\$ 33,062	11,869	11,663	206	206	-	-
					2,061,449	442,646	2,131,198	2,131,198	512,395	-
COVID-19 - American Rescue Plan - Elementary & Secondary School Emergency Relief (ARP ESSER) Fund										
COVID-19 - American Rescue Plan - Elementary & Secondary School Emergency Relief (ARP ESSER) Fund	84 425U	225-21-0425	20-24	\$ 312,908	204,813	(22,757)	305,977	305,977	78,407	-
COVID-19 - American Rescue Plan - Elementary & Secondary School Emergency Relief (ARP ESSER) Fund	84 425U	225-21-0425	20-24	\$ 62,382	40,963	(4,531)	62,582	62,582	17,068	-
COVID-19 - American Rescue Plan - Elementary & Secondary School Emergency Relief (ARP ESSER) Fund	84 425U	225-21-0425	20-24	\$ 62,382	40,963	(4,531)	60,607	60,607	15,093	-
					286,739	(31,859)	429,166	429,166	110,568	-
Total passed through the Pennsylvania Department of Education					3,386,519	630,273	3,596,078	3,596,078	859,832	-
Passed through Capital Area Intermediate Unit										
Title III English Language Acquisition State Grants	84 365	EA-010-22-0615	20-21	\$ 14,869	26,158	8,506	24,199	24,199	6,547	-
					26,158	8,506	24,199	24,199	6,547	-
Special Education - Early Intervention Grant										
COVID-19 - Special Education - ARP Supplemental IDEA - Part B	84 173	N/A	22-23	\$ 1,888	-	-	1,888	1,888	1,888	-
Special Education Grants to States	84 027X	11027X210093	21-22	\$ 128,863	83,357	-	83,357	83,357	-	-
	84 027	N/A	22-23	\$ 551,455	-	-	551,455	551,455	551,455	-
					83,357	-	636,700	636,700	553,343	-
Total passed through the Capital Area Intermediate Unit					109,515	8,506	660,899	660,899	559,890	-
Passed through Pennsylvania Training and Technical Assistance Network										
Patton UDI Grant	84 027	062-21-0032	N/A	\$ 15,000	-	(11,582)	-	-	(11,582)	-
Total passed through Pennsylvania Training and Technical Assistance Network					-	(11,582)	-	-	(11,582)	-
Total U.S. Department of Education					3,496,034	627,197	4,256,977	4,256,977	1,388,140	-

(Continued)

SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

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

Grantor Program Title	Assistance Listing Number	Pass Through Grantor's Number	Grant Period	Program or Annual Award	Total Received for the Year	Accrued or (Deferred) Revenue at July 1, 2023	Revenue Recognized	Expenditures Recognized	Accrued or (Deferred) Revenue at June 30, 2024	Provided to Subrecipients
U.S. Department of Health and Human Services										
Passed through the Pennsylvania Department of Public Welfare										
Medical Assistance Program	93.778	ACC/ISS 044-07425	23-24	N/A	11,974	-	13,732	13,732	1,758	-
Total U.S. Department of Health and Human Services					11,974	-	13,732	13,732	1,758	-
U.S. Department of Agriculture										
Passed through the Pennsylvania Department of Education										
School Breakfast Program	10.553	N/A	21-22	N/A	534,378	-	534,378	534,378	-	-
School Breakfast Program	10.553	N/A	22-23	N/A	14,352	14,352	-	-	-	-
					548,730	14,352	534,378	534,378	-	-
National School Lunch Program	10.555	N/A	21-22	N/A	1,378,349	-	1,384,796	1,384,796	6,447	-
National School Lunch Program	10.555	N/A	22-23	N/A	31,101	31,101	-	-	-	-
COVID-19 - National School Lunch Program - Supply Chain Assistance - Round 4	10.555	N/A	22-23	N/A	75,186	-	75,186	75,186	-	-
COVID-19 - PEBT Local Admin Funds	10.649	N/A	22-23	N/A	5,763	-	5,763	5,763	-	-
Total passed through the Pennsylvania Department of Education					1,490,399	31,101	1,465,745	1,465,745	6,447	-
Passed through the Pennsylvania Department of Agriculture										
National School Lunch Program - Food Donations					2,039,129	45,453	2,000,123	2,000,123	6,447	-
Total U.S. Department of Agriculture					193,509	-	193,509	193,509	-	-
Total Expenditures of Federal Awards					2,232,638	45,453	2,193,632	2,193,632	6,447	-
Child Nutrition Cluster (Assistance Listing Numbers - 10.553 and 10.555)					\$ 5,740,646	\$ 672,650	\$ 6,464,341	\$ 6,464,341	\$ 1,396,345	\$ -
Special Education Cluster (Assistance Listing Numbers - 84.027 and 84.173)					\$ 2,232,638	\$ 45,453	\$ 2,193,632	\$ 2,193,632	\$ 6,447	\$ -
Education Stabilization Fund (Assistance Listing Numbers 84.425)					\$ 83,357	\$ (11,582)	\$ 636,700	\$ 636,700	\$ 541,761	\$ -
					\$ 2,348,188	\$ 410,787	\$ 2,560,364	\$ 2,560,364	\$ 622,963	\$ -

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, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the 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, 2024, was \$200,000.

## SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

### SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS Year Ended June 30, 2024

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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:** 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.

## SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

### SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS

Year Ended June 30, 2024

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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, in the context of procurement matters, 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, 2024

Susquehanna Township School District respectfully submits the following corrective action plan for the year ended June 30, 2024.

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 2024-001: Procurement**

Federal Agency: U.S. Department of Education

Pass-through agency: Pennsylvania Department of Education

Assistance Listing Number: 84.425 Education Stabilization Fund; 84.027 IDEA

**Recommendation:** The Subrecipient must implement procedures to fully comply with Uniform Guidance Procurement requirements.

**View of Responsible Officials and Corrective Action Planned:** The District will require all payments to have either a purchase order or request for payment form completed. The Accounts Payable Coordinator is responsible for ensuring the form is signed for all disbursements. For the particular item cited by our monitors the Superintendent and Business Manager signed off on the invoice instead of a request for payment form. The District Accountant / Business Office Manager discussed with the Accounts Payable Coordinator that going forward this is insufficient. All payments must have either a purchase order or request for payment form. The District Accountant / Business Office Manager reviews backup documentation for check disbursements. During their review if any payments are discovered to be missing a purchase order or request for payment form, he will notify the Accounts Payable Coordinator to complete the form. This is effective immediately.

The District has also reviewed the applicable Uniform Grant Guidance Procurement requirements and has developed an electronic procurement process. All staff members making purchases with federal funds must complete the electronic procurement form. All completed forms must be reviewed and approved by the Business Manager. All sole source procurements must be noted within the electronic procurement application and justification must be approved by the Business Manager. This process was presented by the Business Office to Leadership Personnel on 5/9/24 and is effective now.

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

**Completion Date:** June 30, 2024