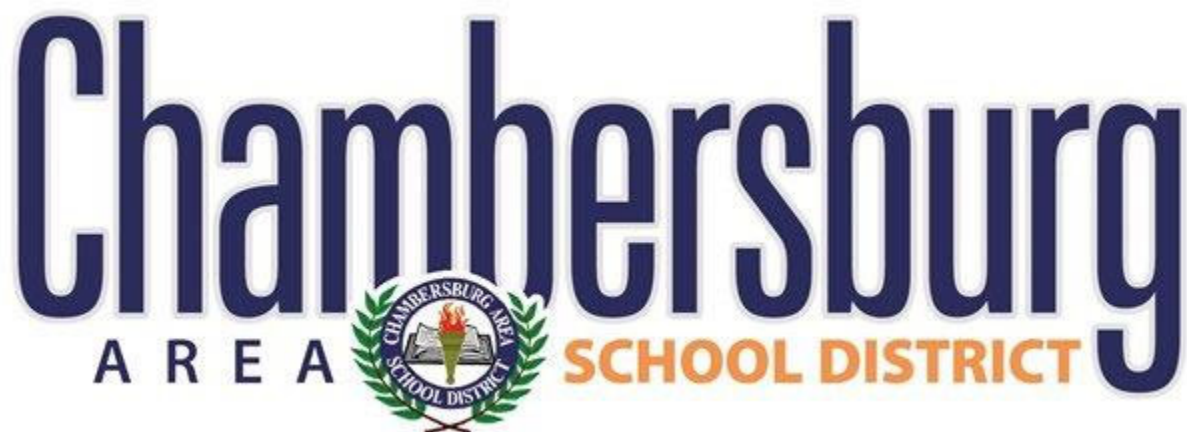


Audited
Financial
Statements

June 30,
2024



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Chambersburg Area School District
Chambersburg, Pennsylvania

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10, the budgetary comparison schedule on page 62, and the schedules related to the pension and OPEB liabilities on pages 63 to 67 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 Chambersburg Area School District's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. The schedule of expenditures of federal awards 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. Such 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 February 27, 2025, on our consideration of Chambersburg Area School 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 Chambersburg Area School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Chambersburg Area School District's internal control over financial reporting and compliance.

Smith Elliott Kearns + Company, LLC

Chambersburg, Pennsylvania
February 27, 2025

CHAMBERSBURG AREA SCHOOL DISTRICT

Management Discussion and Analysis - Unaudited

The *Management, Discussion, and Analysis* (MD&A) of the Chambersburg Area School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2024. The MD&A is to provide reader friendly insight into management's analysis of the audit. This MD&A looks at the School District's financial performance as a whole, although readers should review the financial statements and related notes to augment their understanding of the School District's financial performance.

BACKGROUND

The School District's financial statements have been prepared in accordance with all GASB Accounting Standards.

GASB 68 has substantially changed the accounting and reporting for pension plans. GASB 68 seeks to improve the calculation and reporting of pension costs to provide more transparent and useful information. Governments are required to report net pension liabilities as part of the statement of net position rather than as a footnote. This results in an immediate recognition of more components of the pension expense and more extensive disclosures with **significant negative impacts** on the Government Wide Statement of Net Position and the Proprietary Fund – Statement of Net Position.

The Statement of Net Position provides a consolidation of all governmental funds into one statement of activities with current and non-current assets, deferred outflows of resources, current and non-current liabilities, deferred inflows of resources, and displays the total net position of all governmental funds properly reconciled. It also provides the same for those Business Activities run by the School District. In the Chambersburg Area School District, the cafeteria and enterprise activities are structured as business activities, subject to a business activity classification.

The Statement of Activities intends to display expenses net of program revenues and classifies revenues into the two general categories of program and general operating revenue. It identifies program revenue as charges, operating grants, capital grants, and then allocates them to particular expense categories where appropriate.

The Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position reconciles the Governmental Funds Balance Sheet to the Combined Balance Sheet for Governmental and Business Type Activities by outlining the accounting changes necessary to properly record consolidation of funds and present the entity-wide statements using the full accrual method of accounting.

The Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities reconciles the change in fund balances of the governmental funds to the change in net position of all governmental activities.

Funds utilized by the School District:

- ◆ Major governmental funds including:
 - General Fund
 - Capital Reserve Fund
 - Capital Projects Fund
- ◆ Major proprietary fund:
 - Food Service Fund

CHAMBERSBURG AREA SCHOOL DISTRICT

Management Discussion and Analysis - Unaudited

- ◆ Other funds:
 - Special Revenue Fund
 - Debt Service Fund
 - Internal Service Fund - Medical Insurance
 - Private Purpose Trust funds
 - Custodial Fund – Student Activity accounts

FINANCIAL HIGHLIGHTS

Key financial highlights for the year ending June 30, 2024 are as follows:

- ◆ Total Net Position of Governmental Activities of \$ (31,932,026).
 - Positive change of \$ 25,062,731
- ◆ Total fund balance of all governmental funds equaled \$ 71,832,129.
 - General Fund - \$ 52,598,474
 - Nonspendable - \$ 3,095,878
 - Restricted - \$ 465,789
 - Committed – \$ 9,379,770
 - Assigned – \$ 39,657,037
 - Unassigned - \$ 0
 - Capital Reserve Fund - \$ 10,850,058
 - Capital Projects Fund - \$ 8,178,032
 - Other Governmental Funds - \$ 205,565
- ◆ Revenues exceeded expenditures by \$ 15,364,031 in the General Fund. Additional Federal and State Funds and employee attrition contributed to the excess of revenues over expenditures.

ANALYSIS OF OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS FOR THE PAST FISCAL YEAR

Net Position - On June 30, 2024, the School District had total net position from governmental activities of \$ (31,932,026), an increase of \$ 25,062,731 in the fiscal year. Factors affecting the net position increase in the 2023-2024 year are:

- ◆ Total Governmental assets increased by \$ 18,826,282. This is primarily due to an increase in Cash and Cash equivalents.
- ◆ State revenue contributed to the increase in net position primarily due to the adoption deadline of our budget vs. the timing of the state budget.
- ◆ Earned Income Tax performed at a higher level than budgeted as well as increase in interest rates resulting in increased interest income.
- ◆ In terms of expenses, salary, and benefits performed under budget, primarily due to ongoing open positions.
- ◆ Other notable factors:
 - Outstanding debt increased from \$ 125,339,266 to \$ 128,328,768 or \$ 2,989,502. This was due to new financing through Bond 2023
 - Net pension liability increased from \$ 182,407,580 to \$ 183,487,972 or \$ 1,080,392.

CHAMBERSBURG AREA SCHOOL DISTRICT
Management Discussion and Analysis - Unaudited

Table 1 summarizes the assets, liabilities, and net position of the School District as of June 30, 2024 and 2023.

Table 1
Net Position As of June 30, 2024 - (Government-Wide)

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets	\$ 95,269,861	\$ 4,990,911	\$ 100,260,772
Noncurrent Assets	190,754,298	334,026	191,088,324
Deferred Outflows of Resources	38,489,092	1,581,987	40,071,079
Total Assets and Deferred Outflows of Resources	<u>\$ 324,513,251</u>	<u>\$ 6,906,924</u>	<u>\$ 331,420,175</u>
Liabilities and Deferred Inflows of Resources			
Current Liabilities	\$ 30,203,612	\$ 251,778	\$ 30,455,390
Noncurrent Liabilities	318,791,665	5,426,661	324,218,326
Deferred Inflows of Resources	7,450,000	267,630	7,717,630
Total Liabilities and Deferred Inflows of Resources	<u>\$ 356,445,277</u>	<u>\$ 5,946,069</u>	<u>\$ 362,391,346</u>
Net Position			
Net Investment in Capital Assets	\$ 68,119,745	\$ 334,026	\$ 68,453,771
Restricted	11,647,324	-	11,647,324
Unrestricted	(111,699,095)	626,829	(111,072,266)
Total Net Position	<u>\$ (31,932,026)</u>	<u>\$ 960,855</u>	<u>\$ (30,971,171)</u>

Net Position As of June 30, 2023 - (Government-Wide)

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets	\$ 76,863,826	\$ 4,517,544	\$ 81,381,370
Noncurrent Assets	190,334,051	359,480	190,693,531
Deferred Outflows of Resources	38,866,593	1,688,898	40,555,491
Total Assets and Deferred Outflows of Resources	<u>\$ 306,064,470</u>	<u>\$ 6,565,922</u>	<u>\$ 312,630,392</u>
Liabilities and Deferred Inflows of Resources			
Current Liabilities	\$ 34,621,573	\$ 345,879	\$ 34,967,452
Noncurrent Liabilities	317,462,934	5,199,419	322,662,353
Deferred Inflows of Resources	10,974,720	740,446	11,715,166
Total Liabilities and Deferred Inflows of Resources	<u>\$ 363,059,227</u>	<u>\$ 6,285,744</u>	<u>\$ 369,344,971</u>
Net Position			
Net Investment in Capital Assets	\$ 62,026,883	\$ 359,480	\$ 62,386,363
Restricted	6,298,291	-	6,298,291
Unrestricted	(125,319,931)	(79,302)	(125,399,233)
Total Net Position	<u>\$ (56,994,757)</u>	<u>\$ 280,178</u>	<u>\$ (56,714,579)</u>

CHAMBERSBURG AREA SCHOOL DISTRICT
Management Discussion and Analysis - Unaudited

Table 2 summarizes the revenues, expenses, and changes in net position of the School District for the years ended June 30, 2024 and 2023.

Table 2
Changes in Net Position
For the Year Ended June 30, 2024
(Government-wide)

	Governmental Activities	Business-Type Activities	Total
Program Revenues			
Charges for Services	\$ 646,601	\$ 1,192,394	\$ 1,838,995
Operating Grants and Contributions	38,335,298	6,608,013	44,943,311
Capital Grants and Contributions	7,046,839	-	7,046,839
General Revenues			
Taxes	106,537,754	-	106,537,754
Grants, Subsidies and Contributions	31,928,314	-	31,928,314
Investment Earnings	4,357,458	126,066	4,483,524
Other	514,658	-	514,658
Total Revenues	<u>189,366,922</u>	<u>7,926,473</u>	<u>197,293,395</u>
Program Expenses			
Instruction	111,303,892	-	111,303,892
Support Services			
Instructional Student Support	13,944,304	-	13,944,304
Administrative and Financial	12,037,263	-	12,037,263
Operation and Maintenance	11,540,698	-	11,540,698
Pupil Transportation	8,950,260	-	8,950,260
Community Services	128,609	-	128,609
Student Activities	2,067,330	-	2,067,330
Interest	4,331,835	-	4,331,835
Food Service	-	7,191,464	7,191,464
Other Services	-	54,332	54,332
Total Expenses	<u>164,304,191</u>	<u>7,245,796</u>	<u>171,549,987</u>
Change in Net Position	<u>\$ 25,062,731</u>	<u>\$ 680,677</u>	<u>\$ 25,743,408</u>

CHAMBERSBURG AREA SCHOOL DISTRICT
Management Discussion and Analysis - Unaudited

Table 2
Changes in Net Position
For the Year Ended June 30, 2023
(Government-wide)

	Governmental Activities	Business-Type Activities	Total
Program Revenues			
Charges for Services	\$ 621,525	\$ 1,098,601	\$ 1,720,126
Operating Grants and Contributions	35,780,285	6,368,812	42,149,097
Capital Grants and Contributions	13,196,674	-	13,196,674
General Revenues			
Taxes	103,532,489	-	103,532,489
Grants, Subsidies and Contributions	28,522,381	-	28,522,381
Investment Earnings	2,431,686	52,512	2,484,198
Other	1,188,510	-	1,188,510
Total Revenues	<u>185,273,550</u>	<u>7,519,925</u>	<u>192,793,475</u>
Program Expenses			
Instruction	105,191,358	-	105,191,358
Support Services			
Instructional Student Support	12,513,749	-	12,513,749
Administrative and Financial	12,682,793	-	12,682,793
Operation and Maintenance	11,113,518	-	11,113,518
Pupil Transportation	7,640,496	-	7,640,496
Community Services	240,756	-	240,756
Student Activities	2,135,630	-	2,135,630
Interest	4,075,533	-	4,075,533
Food Service	-	5,989,008	5,989,008
Other Services	-	28,218	28,218
Total Expenses	<u>155,593,833</u>	<u>6,017,226</u>	<u>161,611,059</u>
Change in Net Position	<u>\$ 29,679,717</u>	<u>\$ 1,502,699</u>	<u>\$ 31,182,416</u>

Balance Sheet/Fund Balances – Total fund balance of Governmental funds equaled \$ 71,832,129 as of June 30, 2024. These balances consist of:

- ◆ Capital Reserve Fund - \$ 10,850,058 – During the 2023-2024 school year, the General Fund transferred \$ 4,603,664 to fund the Capital Reserve which will be used for small capital projects in the future.
- ◆ General Fund - Total fund balance equals \$ 52,598,474 with all funds either Non-spendable, Restricted, Committed or Assigned.
- ◆ Capital Projects Fund – Total fund balance equals \$ 8,178,032.
- ◆ Other Governmental Funds (Special Revenue Fund) – Total balance \$ 205,565.

CHAMBERSBURG AREA SCHOOL DISTRICT

Management Discussion and Analysis - Unaudited

As of June 30, 2024, other funds existing:

- ◆ Enterprise Fund (Food Service) total net position of \$ 932,780. Due to the requirement to report employee pension liability of \$ 5,000,820, the total net position will fluctuate at each year end.
- ◆ Enterprise Fund (CASHS School Store) total net position of \$ 38,160.
- ◆ Internal Service Fund (Medical Insurance Fund) total net position increased to (\$ 233,515).
- ◆ Custodial Fund (Student Activities) total net position of \$ 306,013.
- ◆ Private Purpose Trust (Scholarship Fund) total net position of \$ 29,179.

Budgetary Variances

- ◆ Total General Fund Revenues exceed budget by \$ 11,890,276 or approximately 6.6%.
 - Budgetary estimates contributing to the revenue variances include:
 - Local Sources were higher than budgeted by \$ 5,133,032.
 - Local taxes exceeded budgetary projections by \$1,740,470, primarily Earned Income Tax, due to stable employment and low unemployment rates, as well as increasing wages.
 - Excess funds from the Earned Income Tax in the amount of \$1,812,053, have been added to the Committed Fund Balance for future property tax relief.
 - Earnings on Investments exceeded budgetary projections by \$ 2,314,626 due to cash management and an increase in interest rates.
 - State Sources were higher than budgeted \$ 7,320,854, due to a court ruling requiring the state to ensure all students receive equal access to high-quality public education.
 - Federal Revenues are lower than budget by (\$ 563,610).
 - The variance is due to the timing of expenditures versus the revenue received for the ESSER's projects.
- ◆ Total General Fund Expenditures were under budget by \$ 4,640,546.
 - Budgetary estimates differed significantly in the following areas:
 - Debt service due to reclassifications of expenditures for Leases and SBITA's.

Primary Capital Improvement Projects

Building Projects: A roof restoration was completed for CASHS. A locker project and boiler project at CASHS were in progress as of June 30, 2024.

CHAMBERSBURG AREA SCHOOL DISTRICT

Management Discussion and Analysis - Unaudited

CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS

There are several current conditions that may potentially impact the future finances of the Chambersburg Area School District.

As with all Pennsylvania school districts, the Chambersburg Area School District will see continuing significant increases to the Employer Contribution Rate for the Pennsylvania State Employee Retirement System (PSERS). Future contribution rates are projected at 33.90%, 34.00%, 34.72%, 35.26% and 35.85% in subsequent fiscal years unless the Commonwealth of Pennsylvania approves legislation altering the current retirement system and the projected contribution rates.

Low unemployment rates and a shortage of several classes of employees, are impacting CASD's ability to attract and retain employees. Additionally, contracted services costs due to inflation are anticipated to increase expenditures in future years.

Tax base continues to grow steadily at around 1.0% annum.

Ending the 2023-2024 school year with 9,317 students enrolled in our buildings and 1,191 in outside placements, cyber and home school, the School District anticipates a flat enrollment growth over the next several years.

The School District saw increased enrollments of Special Education and English Language Learners during the 2023-2024 school year and anticipates this trend to continue.

The Penn Economy League (PEL) forecast reports anticipated level enrollment through 2031.

Another driving force of increased expenditures is the continued growth of the tuition rates paid to cyber-charter schools. We anticipate this expense growing at \$1 million per year for the next two fiscal years.

CONTACTING THE SCHOOL DISTRICT FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the School District's finances to show the Board's accountability for the money it receives. If you have any questions about this report or wish to request additional information, please contact Tamera Stouffer, Chief Financial and Operations Officer at the Chambersburg Area School District, 435 Stanley Avenue, Chambersburg, PA 17201 at (717) 709-4027.

CHAMBERSBURG AREA SCHOOL DISTRICT

Statement of Net Position

June 30, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 72,754,316	\$ 4,573,055	\$ 77,327,371
Investments	202,905	-	202,905
Internal balances	129,257	(129,257)	-
Receivables			
Taxes, net	10,648,144	-	10,648,144
Intergovernmental	8,227,707	30,187	8,257,894
Other	66,541	132,162	198,703
Prepaid items	3,177,541	6,551	3,184,092
Inventories	63,450	378,213	441,663
Total current assets	<u>95,269,861</u>	<u>4,990,911</u>	<u>100,260,772</u>
Noncurrent Assets			
Prepaid bond insurance	15,602	-	15,602
Capital assets not being depreciated			
Land	6,872,414	-	6,872,414
Construction in progress	1,711,807	-	1,711,807
Capital assets net of accumulated depreciation			
Site improvements, net	1,777,359	-	1,777,359
Buildings, net	172,162,460	-	172,162,460
Equipment, furniture and fixtures, net	2,378,563	334,026	2,712,589
Right-to-use assets - equipment and sports fields, net	2,565,163	-	2,565,163
Right-to-use assets - IT subscriptions, net	3,270,930	-	3,270,930
Total noncurrent assets	<u>190,754,298</u>	<u>334,026</u>	<u>191,088,324</u>
Total assets	<u>286,024,159</u>	<u>5,324,937</u>	<u>291,349,096</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to net pension liability	33,890,948	1,345,399	35,236,347
Deferred outflows related to OPEB liability	2,093,973	236,588	2,330,561
Deferred charge on bond refunding	2,504,171	-	2,504,171
Total deferred outflows of resources	<u>38,489,092</u>	<u>1,581,987</u>	<u>40,071,079</u>
Total assets and deferred outflow of resources	<u>\$ 324,513,251</u>	<u>\$ 6,906,924</u>	<u>\$ 331,420,175</u>
LIABILITIES			
Current liabilities			
Accounts payable/accrued medical claims	\$ 4,621,980	\$ 218,199	\$ 4,840,179
Accrued salaries and benefits/withholdings	14,381,609	-	14,381,609
Accrued interest	1,454,002	-	1,454,002
Unearned revenue	23,510	14,367	37,877
Portion due or payable within one year:			
General obligation bonds and notes payable	7,536,060	-	7,536,060
Leases	1,193,162	-	1,193,162
IT subscription liability	706,001	-	706,001
OPEB liability	136,850	3,884	140,734
Compensated absences	150,438	15,328	165,766
Total current liabilities	<u>30,203,612</u>	<u>251,778</u>	<u>30,455,390</u>
Noncurrent liabilities			
Portion due or payable after one year:			
General obligation bonds and notes payable	120,792,708	-	120,792,708
Leases	1,415,313	-	1,415,313
IT subscription liability	1,326,433	-	1,326,433
Net pension liability	183,487,972	5,000,820	188,488,792
OPEB liability	10,282,193	379,101	10,661,294
Compensated absences	1,487,046	46,740	1,533,786
Total noncurrent liabilities	<u>318,791,665</u>	<u>5,426,661</u>	<u>324,218,326</u>
Total liabilities	<u>348,995,277</u>	<u>5,678,439</u>	<u>354,673,716</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to net pension liability	3,293,980	78,281	3,372,261
Deferred inflows related to OPEB liability	4,145,526	189,349	4,334,875
Deferred inflows related to leases	10,494	-	10,494
Total deferred inflows of resources	<u>7,450,000</u>	<u>267,630</u>	<u>7,717,630</u>
NET POSITION			
Net investment in capital assets	68,119,745	334,026	68,453,771
Restricted	11,647,324	-	11,647,324
Unrestricted	(111,699,095)	626,829	(111,072,266)
Total net position	<u>(31,932,026)</u>	<u>960,855</u>	<u>(30,971,171)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 324,513,251</u>	<u>\$ 6,906,924</u>	<u>\$ 331,420,175</u>

CHAMBERSBURG AREA SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction	\$ 111,303,892	\$ 501,725	\$ 25,623,291	\$ -	\$ (85,178,876)	\$ -	\$ (85,178,876)
Instructional student support	13,944,304	-	4,116,687	-	(9,827,617)	-	(9,827,617)
Administrative and financial support services	12,037,263	-	2,015,747	-	(10,021,516)	-	(10,021,516)
Operation and maintenance of plant services	11,540,698	39,551	2,159,343	4,518,743	(4,823,061)	-	(4,823,061)
Pupil transportation	8,950,260	-	4,066,145	-	(4,884,115)	-	(4,884,115)
Student activities	2,067,330	105,325	218,411	-	(1,743,594)	-	(1,743,594)
Community services	128,609	-	135,674	-	7,065	-	7,065
Interest related to long-term debt	4,331,835	-	-	2,528,096	(1,803,739)	-	(1,803,739)
Total governmental activities	<u>164,304,191</u>	<u>646,601</u>	<u>38,335,298</u>	<u>7,046,839</u>	<u>(118,275,453)</u>	<u>-</u>	<u>(118,275,453)</u>
Business-type activities:							
Food services	7,191,464	1,150,018	6,601,877	-	-	560,431	560,431
Other services	<u>54,332</u>	<u>42,376</u>	<u>6,136</u>	<u>-</u>	<u>-</u>	<u>(5,820)</u>	<u>(5,820)</u>
Total primary government	<u>\$ 171,549,987</u>	<u>\$ 1,838,995</u>	<u>\$ 44,943,311</u>	<u>\$ 7,046,839</u>	<u>(118,275,453)</u>	<u>554,611</u>	<u>(117,720,842)</u>
General revenues:							
Property taxes levied for general purposes, public utility realty tax, earned income tax					106,537,754	-	106,537,754
Grants, subsidies and contributions not restricted					31,928,314	-	31,928,314
Investment earnings					4,357,458	126,066	4,483,524
Gain (loss) on sale of capital assets					4,133	-	4,133
Miscellaneous income					<u>510,525</u>	<u>-</u>	<u>510,525</u>
Total general revenues					<u>143,338,184</u>	<u>126,066</u>	<u>143,464,250</u>
Change in net position					25,062,731	680,677	25,743,408
Net position - beginning					<u>(56,994,757)</u>	<u>280,178</u>	<u>(56,714,579)</u>
Net position - ending					<u>\$ (31,932,026)</u>	<u>\$ 960,855</u>	<u>\$ (30,971,171)</u>

CHAMBERSBURG AREA SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2024

	General Fund	Capital Projects Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 51,330,972	\$ 9,854,702	\$ 9,583,934	\$ 215,380	\$ 70,984,988
Taxes receivable, net	10,648,144	-	-	-	10,648,144
Due from other funds	130,316	-	1,266,124	185	1,396,625
Receivable from other governments	8,227,707	-	-	-	8,227,707
Other receivables	36,144	-	-	-	36,144
Prepaid expenditures	3,032,428	-	-	-	3,032,428
Inventories	63,450	-	-	-	63,450
Total assets	<u>\$ 73,469,161</u>	<u>\$ 9,854,702</u>	<u>\$ 10,850,058</u>	<u>\$ 215,565</u>	<u>\$ 94,389,486</u>
LIABILITIES					
Accounts payable	\$ 1,840,446	\$ 410,361	\$ -	\$ -	\$ 2,250,807
Due to other funds	1,059	1,266,309	-	-	1,267,368
Unearned revenue	13,510	-	-	10,000	23,510
Accrued salaries and benefits/withholdings	14,381,609	-	-	-	14,381,609
Total liabilities	<u>16,236,624</u>	<u>1,676,670</u>	<u>-</u>	<u>10,000</u>	<u>17,923,294</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable grant revenue	754,204	-	-	-	754,204
Unavailable tax revenue	3,869,365	-	-	-	3,869,365
Deferred inflows of resources related to leases	10,494	-	-	-	10,494
Total deferred inflows of resources	<u>4,634,063</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,634,063</u>
FUND BALANCES					
Nonspendable	3,095,878	-	-	-	3,095,878
Restricted	465,789	8,178,032	10,850,058	-	19,493,879
Committed	9,379,770	-	-	205,565	9,585,335
Assigned	39,657,037	-	-	-	39,657,037
Unassigned	-	-	-	-	-
Total fund balances	<u>52,598,474</u>	<u>8,178,032</u>	<u>10,850,058</u>	<u>205,565</u>	<u>71,832,129</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 73,469,161</u>	<u>\$ 9,854,702</u>	<u>\$ 10,850,058</u>	<u>\$ 215,565</u>	<u>\$ 94,389,486</u>

CHAMBERSBURG AREA SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position
June 30, 2024

Total fund balances - governmental funds \$ 71,832,129

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.

Cost of assets	293,535,093	
Accumulated depreciation	<u>(102,796,397)</u>	190,738,696

An internal service fund is used by management to pay for medical insurance costs. The portion of net position of the internal service fund related to the governmental funds are included in the governmental activities in the Statement of Net Position. (223,430)

Certain receivables are not available to pay current period expenditures and therefore are reported as deferred inflows of resources in the fund financial statements, but are recognized as revenue in the Statement of Activities. 4,623,569

Prepaid bond insurance is reported as an expenditure in governmental funds when the debt is first issued. The Statement of Net Position reports prepaid bond insurance as an asset. 15,602

Long-term liabilities are not due and payable in the current period and are not included in the balance sheet of governmental funds, but are included in the governmental activities of the Statement of Net Position. Long-term liabilities and related deferred inflows and outflows of resources consist of:

Bonds and notes payable, net of discount and premium	(128,328,768)	
Deferred charge on bond refunding	2,504,171	
Lease obligations	(2,608,475)	
IT subscription liability	(2,032,434)	
Accrued interest on bonds	(1,454,002)	
Compensated absences	(1,637,484)	
OPEB liability	(10,419,043)	
Deferred outflows related to OPEB liability	2,093,973	
Deferred inflows related to OPEB liability	(4,145,526)	
Net pension liability	(183,487,972)	
Deferred outflows related to net pension liability	33,890,948	
Deferred inflows related to net pension liability	<u>(3,293,980)</u>	
		(298,918,592)
Net position of governmental activities in the Statement of Net Position		\$ <u>(31,932,026)</u>

CHAMBERSBURG AREA SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance -
Governmental Funds
Year Ended June 30, 2024

	General Fund	Capital Projects Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Local revenues					
Taxes	\$ 108,318,826	\$ -	\$ -	\$ -	\$ 108,318,826
Investment earnings	3,414,626	331,477	540,471	7,051	4,293,625
Revenue from intermediate sources	2,077,021	-	-	-	2,077,021
Other	1,233,390	-	-	52,833	1,286,223
State sources	61,213,899	-	-	-	61,213,899
Federal sources	14,568,771	-	-	-	14,568,771
Total revenues	<u>190,826,533</u>	<u>331,477</u>	<u>540,471</u>	<u>59,884</u>	<u>191,758,365</u>
EXPENDITURES					
Instruction	105,977,355	-	-	-	105,977,355
Support services	48,649,150	-	-	3,518	48,652,668
Operation of noninstructional services	2,435,869	-	-	-	2,435,869
Facilities acquisition, construction and improvements	4,466,467	2,632,374	55,513	-	7,154,354
Debt service					
Principal	9,632,127	-	-	-	9,632,127
Interest	4,301,534	-	-	-	4,301,534
Total expenditures	<u>175,462,502</u>	<u>2,632,374</u>	<u>55,513</u>	<u>3,518</u>	<u>178,153,907</u>
Excess (deficiency) of revenues over expenditures	<u>15,364,031</u>	<u>(2,300,897)</u>	<u>484,958</u>	<u>56,366</u>	<u>13,604,458</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	7,738	-	-	-	7,738
Proceeds from long term financing	-	9,995,000	-	-	9,995,000
Bond premium	-	7,895	-	-	7,895
Bond discount	-	(127,836)	-	-	(127,836)
Proceeds from issuance of leases and subscription-based IT arrangements	1,934,958	-	-	-	1,934,958
Transfers in(out)	<u>(8,035,741)</u>	<u>(68,108)</u>	<u>4,603,664</u>	<u>185</u>	<u>(3,500,000)</u>
Total other financing sources and uses	<u>(6,093,045)</u>	<u>9,806,951</u>	<u>4,603,664</u>	<u>185</u>	<u>8,317,755</u>
Net change in fund balances	<u>9,270,986</u>	<u>7,506,054</u>	<u>5,088,622</u>	<u>56,551</u>	<u>21,922,213</u>
Fund balances - beginning	<u>43,327,488</u>	<u>671,978</u>	<u>5,761,436</u>	<u>149,014</u>	<u>49,909,916</u>
Fund balances - ending	<u>\$ 52,598,474</u>	<u>\$ 8,178,032</u>	<u>\$ 10,850,058</u>	<u>\$ 205,565</u>	<u>\$ 71,832,129</u>

CHAMBERSBURG AREA SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2024

Net change in fund balances - total governmental funds **\$ 21,922,213**

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlays (\$ 9,115,721) differed from depreciation expense (\$ 8,690,636) in the current period. 840,342

In the statement of activities, only the loss on the disposition of capital assets is reported, whereas in the governmental funds, the sale proceeds increase other financing sources. Thus, the change in net position differs from the changes in the fund balance by the undepreciated cost of the capital assets disposed of. (3,605)

Revenue and expenses of the internal service fund are reported as proprietary activities in the fund financials, but a portion supports the governmental activities, and thus the net loss applicable to the governmental activities is: 2,259,270

Governmental funds do not present certain revenues unless they are "available" to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned. Because certain taxes and subsidies will not be collected for several months after the School District's year end, they are not considered as "available" revenues in the governmental funds. Unavailable revenues changed by this amount this year. (302,689)

The issuance of long-term obligations (bonds, leases, subscription liabilities) provides current financial resources to governmental funds, while repayment of principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of prepaid bond insurance, premiums, discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities:

Repayment of general obligation bonds and notes - principal	6,423,000
Issuance of general obligation bonds and notes	(9,995,000)
Issuance of lease obligations	(549,961)
Repayment of lease principal	1,169,603
Issuance of IT subscription	(1,384,997)
Repayment of IT subscription principal	2,039,524

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds. This is the difference between the amount incurred and paid of:

Accrued interest	(96,203)
Compensated absences	46,047
Bond issuance costs and bond loss	329,528
OPEB liability and related deferred outflows and inflows	138,577
Net pension liability and related deferred outflows and inflows	<u>2,227,082</u>

Change in net position of governmental activities **\$ 25,062,731**

CHAMBERSBURG AREA SCHOOL DISTRICT
Statement of Net Position - Proprietary Funds
June 30, 2024

	ENTERPRISE FUNDS			INTERNAL SERVICE FUND
	Food Service Fund	Other Enterprise Fund	Total	Medical Insurance Fund
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 4,458,696	\$ 25,330	\$ 4,484,026	\$ 2,061,262
Intergovernmental receivables	30,187	-	30,187	-
Due from other funds	1,059	-	1,059	-
Other receivables	130,790	-	130,790	31,769
Prepaid expenses	-	-	-	151,664
Inventory	365,383	12,830	378,213	-
Total current assets	<u>4,986,115</u>	<u>38,160</u>	<u>5,024,275</u>	<u>2,244,695</u>
Noncurrent Assets				
Furniture and equipment	2,744,454	-	2,744,454	-
Accumulated depreciation	<u>(2,410,428)</u>	<u>-</u>	<u>(2,410,428)</u>	<u>-</u>
Total noncurrent assets	<u>334,026</u>	<u>-</u>	<u>334,026</u>	<u>-</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to net pension liability	1,345,399	-	1,345,399	-
Deferred outflows related to OPEB liability	<u>236,588</u>	<u>-</u>	<u>236,588</u>	<u>-</u>
Total deferred outflows of resources	<u>1,581,987</u>	<u>-</u>	<u>1,581,987</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 6,902,128</u>	<u>\$ 38,160</u>	<u>\$ 6,940,288</u>	<u>\$ 2,244,695</u>
LIABILITIES				
Current Liabilities				
Accounts payable/accrued medical claims	\$ 111,162	\$ -	\$ 111,162	\$ 2,478,210
Due to other funds	130,316	-	130,316	-
Other payables	14,367	-	14,367	-
Compensated absences	15,328	-	15,328	-
OPEB liability	<u>3,884</u>	<u>-</u>	<u>3,884</u>	<u>-</u>
Total current liabilities	<u>275,057</u>	<u>-</u>	<u>275,057</u>	<u>2,478,210</u>
Noncurrent Liabilities				
Compensated absences	46,740	-	46,740	-
OPEB liability	379,101	-	379,101	-
Net pension liability	<u>5,000,820</u>	<u>-</u>	<u>5,000,820</u>	<u>-</u>
Total noncurrent liabilities	<u>5,426,661</u>	<u>-</u>	<u>5,426,661</u>	<u>-</u>
Total liabilities	<u>5,701,718</u>	<u>-</u>	<u>5,701,718</u>	<u>2,478,210</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to net pension liability	78,281	-	78,281	-
Deferred inflows related to OPEB liability	<u>189,349</u>	<u>-</u>	<u>189,349</u>	<u>-</u>
Total deferred inflows of resources	<u>267,630</u>	<u>-</u>	<u>267,630</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	334,026	-	334,026	-
Unrestricted	<u>598,754</u>	<u>38,160</u>	<u>636,914</u>	<u>(233,515)</u>
Total net position	<u>932,780</u>	<u>38,160</u>	<u>970,940</u>	<u>(233,515)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 6,902,128</u>	<u>\$ 38,160</u>	<u>\$ 6,940,288</u>	<u>\$ 2,244,695</u>
Net position above			\$ 970,940	
Some amounts reported for business-type activities in the statement of net position are different because certain assets and liabilities of the medical insurance (internal service) fund are included with business-type activities.				<u>(10,085)</u>
Net position of business-type activities			<u>\$ 960,855</u>	

CHAMBERSBURG AREA SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position- Proprietary Funds
Year Ended June 30, 2024

	ENTERPRISE		INTERNAL SERVICE FUND	
	Food Service Fund	Other Enterprise Fund	Total	Medical Insurance Fund
OPERATING REVENUES				
Charges for services/insurance premiums	\$ 1,150,018	\$ 48,512	\$ 1,198,530	\$ 18,977,319
OPERATING EXPENSES				
Food and milk purchases	3,493,447	-	3,493,447	-
Salaries	1,835,679	-	1,835,679	-
Employee benefits	1,468,349	-	1,468,349	-
Supplies and other	237,099	54,332	291,431	-
Depreciation	52,879	-	52,879	-
Repairs and maintenance	213,667	-	213,667	-
Insurance claims	-	-	-	18,483,152
Administrative fees and stop loss premiums	-	-	-	1,689,074
Total operating expenses	7,301,120	54,332	7,355,452	20,172,226
Operating income (loss)	(6,151,102)	(5,820)	(6,156,922)	(1,194,907)
NONOPERATING REVENUES (EXPENSES)				
Federal subsidies	5,824,575	-	5,824,575	-
State subsidies	777,302	-	777,302	-
Interest income	122,648	536	123,184	66,715
Total nonoperating revenue (expenses)	6,724,525	536	6,725,061	66,715
Transfers				
Transfers in	-	-	-	3,500,000
Change in net position	573,423	(5,284)	568,139	2,371,808
Total net position - beginning	359,357	43,444	402,801	(2,605,323)
Total net position - ending	\$ 932,780	\$ 38,160	\$ 970,940	\$ (233,515)
Change in net position above			\$ 568,139	
Some amounts reported for business-type activities in the statement of net position are different because a portion of the net change of the medical insurance (internal service) fund is reported with business-type activities.			112,538	
Change in net position of business-type activities			\$ 680,677	

CHAMBERSBURG AREA SCHOOL DISTRICT
Statement of Cash Flows - Proprietary Funds
Year Ended June 30, 2024

	ENTERPRISE FUNDS			INTERNAL SERVICE FUND
	Food Service Fund	Other Enterprise Fund	Total	Medical Insurance Fund
Cash flows from operating activities				
Cash received from sales/insurance premiums	\$ 1,078,351	\$ 48,512	\$ 1,126,863	\$ 17,774,845
Cash payments to suppliers for goods/services	(2,615,946)	(62,289)	(2,678,235)	-
Cash payments to and on behalf of employees	(3,435,862)	-	(3,435,862)	(19,997,380)
Net cash provided (used) by operating activities	(4,973,457)	(13,777)	(4,987,234)	(2,222,535)
Cash flows from capital and related financing activities				
Purchase of equipment	(27,425)	-	(27,425)	-
Net cash (used) by capital and related financing activities	(27,425)	-	(27,425)	-
Cash flows from noncapital financing activities				
Federal subsidies	5,568,576	-	5,568,576	-
State subsidies	830,165	-	830,165	-
Transfers from other funds	-	-	-	3,500,000
Net cash provided by noncapital financing activities	6,398,741	-	6,398,741	3,500,000
Cash flows from investing activities				
Earnings on investments	122,648	536	123,184	66,715
Net cash provided (used) by investing activities	122,648	536	123,184	66,715
Net increase (decrease) in cash and cash equivalents	1,520,507	(13,241)	1,507,266	1,344,180
Cash and cash equivalents - beginning	2,938,189	38,571	2,976,760	717,082
Cash and cash equivalents - ending	\$ 4,458,696	\$ 25,330	\$ 4,484,026	\$ 2,061,262
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities				
Cash flows from operating activities				
Operating income (loss)	\$ (6,151,102)	\$ (5,820)	\$ (6,156,922)	\$ (1,194,907)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Donated food used	923,593	-	923,593	-
Depreciation	52,879	-	52,879	-
(Increase) decrease in:				
Inventory	380,930	12,966	393,896	-
Accounts receivable	(71,667)	-	(71,667)	729,563
Due from other funds	4,616	-	4,616	-
Prepaid expense	8,120	-	8,120	(27,444)
Increase (decrease) in:				
Compensated absences	(9,380)	-	(9,380)	-
Net pension liability and related items	(136,458)	-	(136,458)	-
OPEB liability and related items	9,388	-	9,388	-
Unearned revenues	-	-	-	(1,932,037)
Accounts payable	15,624	(20,923)	(5,299)	202,290
Total adjustments	1,177,645	(7,957)	1,169,688	(1,027,628)
Net cash provided (used) by operating activities	\$ (4,973,457)	\$ (13,777)	\$ (4,987,234)	\$ (2,222,535)

CHAMBERSBURG AREA SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2024

	Custodial Fund	Private Purpose Trust Fund
ASSETS		
Cash and cash equivalents	\$ 310,939	\$ 1,384
Investments	-	27,795
Total assets	<u>310,939</u>	<u>29,179</u>
Liabilities		
Accounts payable	<u>4,926</u>	<u>-</u>
Total liabilities	<u>4,926</u>	<u>-</u>
NET POSITION		
Restricted for student activities	306,013	-
Held in trust for scholarships	-	29,179
Total net position	<u>306,013</u>	<u>29,179</u>
Total liabilities and net position	<u>\$ 310,939</u>	<u>\$ 29,179</u>

CHAMBERSBURG AREA SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2024

	Custodial Fund	Private Purpose Trust Fund
ADDITIONS		
Fundraisers	\$ 161,217	\$ -
Sales	50,955	-
Donations	56,216	-
Dues	4,528	-
Admission fees	33,394	-
Advertising	735	-
Charges for field trips	51,905	-
Interest income	6,345	334
Total additions	<u>365,295</u>	<u>334</u>
DEDUCTIONS		
Supplies	125,872	-
Purchased property and services	219,245	-
Scholarship	-	200
Total deductions	<u>345,117</u>	<u>200</u>
Change in net position	20,178	134
Net position - beginning	<u>285,835</u>	<u>29,045</u>
Net position - ending	<u><u>\$ 306,013</u></u>	<u><u>\$ 29,179</u></u>

CHAMBERSBURG AREA SCHOOL DISTRICT

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Chambersburg Area School District (School District) operates a public school system which is geographically comprised of the Borough of Chambersburg and Townships of Greene, Guilford, Hamilton, Letterkenny, and Lurgan in Franklin County, Pennsylvania.

The School District consists of Chambersburg Area Senior High School; Chambersburg Career Magnet School; Chambersburg Area Middle School North; Chambersburg Area Middle School South; and the Andrew Buchanan, Benjamin Chambers, Falling Spring, Fayetteville, Grandview, Guilford Hills, Hamilton Heights, Lurgan, Marion, New Franklin, Scotland, South Hamilton, and Thaddeus Stevens Elementary Schools; as well as the School District Administration Office.

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

The financial statements of the School District include all funds, functions, and activities to which the Board of Directors has oversight responsibility. The financial statements presented do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from Chambersburg Area School District.

Governmental Accounting Standards Board (GASB) Statements define the criteria used to determine the composition of the reporting entity. These standards require that the reporting entity include (1) the primary government; (2) organizations for which the primary government is financially accountable; (3) organizations that are fiscally dependent on the primary government and a financial benefit or burden exists, and (4) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based on this criterion, there are no organizations that are considered component units of the School District. The School District is not a component unit of any other entities.

Joint Ventures

The following joint ventures are not component units of Chambersburg Area School District and are not included in this report.

Franklin County Career and Technology Center - is a separate legal entity organized by six local school districts to provide services in Franklin County. Each of the participating school districts appoints members to serve on the joint operating committee. The number of members appointed is based on average daily membership and the operating agreement. Each school district has an ongoing financial responsibility to fund the Center's operations.

Franklin Learning Center - is a separate entity organized by five local school districts to provide special education services in Franklin County. Each of the participating school districts appoints members to serve on the joint operating committee. The number of members appointed is based on average daily membership by each school district. Each school district has an ongoing financial responsibility to fund the Center's operations.

CHAMBERSBURG AREA SCHOOL DISTRICT

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

Lincoln Intermediate Unit #12 - is a separate legal entity organized by constituent school districts in York, Adams, and Franklin counties to provide services to the school districts. Each member school district appoints one member to serve on the Board of Directors of the Intermediate Unit. The School District contracts with the Intermediate Unit primarily for special education services and training.

Complete financial statements for each of the entities described above can be obtained from each respective administrative office. The School District has no equity interest in any of the above joint ventures.

Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the School District are grouped into the categories of governmental, proprietary, and fiduciary.

1. Governmental Funds

Governmental Funds are those through which most governmental functions of the School District are financed. The measurement focus is on the flow of expendable resources, rather than on net earnings determination.

The School District reports the following major governmental funds:

a. General Fund

The General Fund is used to account for all financial transactions not accounted for in another fund. Revenues are primarily derived from local property taxes and earned income taxes, and state and federal subsidies. Many of the more important activities of the School District, including instruction, administration of the School District, and certain noninstructional services are accounted for in this fund. This is a budgeted fund, and any unassigned fund balances are considered as resources available for use.

b. Capital Reserve Fund

This fund is authorized under Pennsylvania Local Government Unit Debt Act, 53 Pa. C. S., Section 8001 et seq., as amended, and accounts for monies transferred during any fiscal year from appropriations. These funds must be used for capital improvements.

c. Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

CHAMBERSBURG AREA SCHOOL DISTRICT

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

1. Governmental Funds (Continued)

The School District reports the following non-major governmental funds:

a. **Special Revenue Fund**

This fund is used to account for proceeds of naming rights contracts and sponsorships used to finance the development, operation, and administration used to operate extra/co-curricular programs as required by law or administrative regulation.

b. **Debt Service Fund**

This fund is used to account for the accumulation of resources for, and payment of, interest and principal on debt.

2. Proprietary Funds

Proprietary Funds are used to account for the School District's ongoing activities which are similar to those often found in the private sector. The focus of proprietary funds is on the determination of net earnings and capital maintenance. The following funds are utilized:

Food Service Fund – Enterprise Fund – Major Fund

This fund accounts for all revenues and expenses pertaining to cafeteria operations as authorized under Section 504 of the Public School Code of 1949. It is the intent of the governing body that the cost of providing food, goods or services to the students on a continuing basis be financed or recovered primarily through user charges or cost reimbursement plans.

CASHS Enterprise Fund – Enterprise Fund - Non-Major Fund

This fund is used to account for the operations of the coffee cart and school store.

Medical Insurance Fund – Internal Service Fund

This fund is used to account for resources, derived primarily from premiums collected from other funds, for payment of medical insurance premiums.

3. Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into two classifications: private-purpose trust funds and custodial funds. The School District's only private-purpose trust fund consists of bequests that have been established in prior years. Only the earnings are available for the specific purpose of providing awards and scholarships as prescribed by donor stipulation. Officials of the School District determine the winners of the awards and scholarships, which are made only if there are qualified recipients and adequate earnings. Custodial funds are used to account for fiduciary activities not required to be reported in private purpose trust funds. Student Activities are presented as Custodial Funds.

CHAMBERSBURG AREA SCHOOL DISTRICT

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

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

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

Fund Financial Statements - Fund financial statements report detailed information about the School District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds (if applicable) are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

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

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

Fiduciary funds are reported using the economic resources measurement focus.

CHAMBERSBURG AREA SCHOOL DISTRICT

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenue to be available if collected within 60 days of the end of the fiscal period. Revenue from federal, state, and other grants designated for payment of specific school district expenditures is recognized when the related expenditures are incurred and the related revenue is available, which is generally 60 days; accordingly, when such funds are received, they are recorded as a liability until earned. If time eligibility requirements are not met, a deferred inflow of resources would be recorded. 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services, including charges for meals, insurance coverage, and the costs of food, salaries and benefits, depreciation, insurance premiums, and other expenses. Federal and State subsidies are considered non-operating revenues as no exchange transaction occurs.

Inventory

Inventory in the Food Service Fund consists of expendable supplies and food (valued at cost) held for consumption. Government-donated commodities are valued at estimated fair market value. The expendable supplies are recorded as an expense when used. The cost of governmental fund inventories are recorded as expenditures when purchased in the fund financial statements and the asset (valued at cost) at June 30 is offset by nonspendable fund balance. Governmental fund supplies inventories are capitalized at cost and expensed as used on the government-wide financial statements.

CHAMBERSBURG AREA SCHOOL DISTRICT

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The School District maintains a capitalization threshold of \$ 10,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets is not capitalized.

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

	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Site improvements	20 years	N/A
Buildings	50 years	N/A
Equipment, furniture, and fixtures	5 - 20 years	5 - 20 years
Right-to-use assets	2 - 7 years	N/A

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The School District has several items that qualify for reporting in this category, including the deferred charge on bond refunding and various amounts related to pension and OPEB liabilities. These amounts will be amortized in future periods. A deferred charge on bond refunding results from the difference in the carrying value of refunding debt and its reacquisition price. This amount is amortized over the shorter of the life of the refunded or refunding debt. The OPEB and pension amounts deferred will be amortized as described in Note 11 and Note 13, respectively.

In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School District's deferred inflows of resources consist of various amounts related to pension liabilities on the statement of net position, various amounts related to OPEB liabilities on the statement of net position, unavailable grant revenue and unavailable tax revenue on the balance sheet – governmental funds, and amounts related to leases on the statement of net position and balance sheet – governmental funds.

CHAMBERSBURG AREA SCHOOL DISTRICT

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Activity/Internal Balances

Advances between funds are accounted for in the appropriate interfund receivable and payable accounts. Advances between funds which are not expected to be repaid are accounted for as transfers. Interfund balances and transactions are eliminated in the government-wide financial statements.

Exchange transactions, if any, between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

Budgets and Budgetary Accounting

An operating budget is adopted each year for the General Fund on a modified accrual basis of accounting.

The Pennsylvania School Code dictates specific procedures relative to adoption of the School District's budget and reporting of its financial statements, specifically:

1. The School District, before levying annual school taxes, is required to prepare an operating budget for the succeeding fiscal year.
2. The Board of School Directors may make transfers of funds appropriated to any particular item of expenditure by legislative action. An affirmative vote of two-thirds of all members of the Board is required.
3. Fund balances in budgetary funds may be appropriated based on resolutions passed by the Board of Directors, which authorize the School District to make expenditures. Appropriations lapse at the end of the fiscal period.
4. Included in the General Fund budget are program budgets as prescribed by the state and federal agencies funding the programs. These budgets are approved on a program-by-program basis by the state or federal funding agency. These programs frequently result in supplementary budget appropriations.

Capital budgets are not implemented for capital improvements in the Capital Reserve Fund or Capital Projects Fund. All transactions of the Capital Reserve Fund and Capital Project Fund are approved by the Board prior to commitment, thereby constructively achieving budgetary control.

CHAMBERSBURG AREA SCHOOL DISTRICT

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 the disclosure of contingent assets and liabilities, if any, at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash, Cash Equivalents, and Investments

Cash and cash equivalents include all demand deposits, petty cash, savings, money market accounts, and certificates of deposit with an original maturity of three months or less. Investments include certificates of deposit with an original maturity of greater than three months. Investments are stated at market value. Accrued interest is included with other receivables on the statement of net position/balance sheet.

The School District invests in funds with the Pennsylvania Local Government Investments Trust (PLGIT). PLGIT operates and is authorized under the Intergovernmental Cooperation Act of 1972. Investments in these funds have daily liquidity and are valued at cost which equals market value.

These funds invest in federal securities backed by the full faith and credit of the United States Government, in agencies, instrumentalities and subdivisions of the Commonwealth of Pennsylvania and backed by the full faith and credit of the Commonwealth, and certificates of deposit which are insured by the Federal Insurance Corporation, or which are collateralized as provided by law of Act 72 of 1971.

Statement of Cash Flows

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

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business type activity columns in the statement of net position. This same treatment also applies to proprietary fund financial statements. Bond premiums and discounts, deferred charge on bond refunding, as well as prepaid bond insurance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. The deferred charge on bond refunding is reported as deferred outflows of resources and amortized over the term of the related debt. Other bond issuance costs are expensed at the time the debt is issued.

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

CHAMBERSBURG AREA SCHOOL DISTRICT

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

Lessee: The School District is a lessee for a noncancellable lease of equipment and sports fields. The School District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. At the commencement of a lease, the School District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to leases include how the School District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The School District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and any purchase option price that the School District is reasonably certain to exercise.

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

Lessor: The School District is a lessor for a noncancellable lease of a farmland. The School District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the School District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the School District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The School District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The School District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subscription-Based Information Technology Arrangements

The School District is a lessee for various noncancellable arrangements for subscription-based information technology. The School District recognizes a subscription liability and an intangible right-to-use subscription assets (subscription asset) in the government-wide financial statements.

At the commencement of a subscription arrangement, the School District initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of payments made. The subscription liability, adjusted for subscription payments made at or before the subscription arrangement commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to subscription arrangements include how the School District determines (1) the discount rate it uses to discount the expected subscription arrangement payments to present value, (2) subscription term, and (3) subscription payments.

- The School District uses interest rates charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the School District generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancellable period of the subscription arrangement. Subscription payments include in the measurement of the subscription liability are composed of fixed payments and any renewal provisions that the School District is reasonably certain to exercise.

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

Retirement Plans

The School District contributes to the Public School Employees Retirement System (PSERS), a cost-sharing multiple-employer defined benefit pension plan. The School District accounts for the plan under the provisions of the GASB Standards, which establishes standards for the measurement, recognition, and display of pension expense and related liabilities, assets, and note disclosures.

For purposes of measuring net pension liability, deferred outflows of resources, and deferred inflows of resources related to pension and pension expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refund of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Compensated Absences

Liability for compensated absences is accounted for in accordance with the standards of the GASB, which requires entities to accrue for employees' rights to receive compensation for vacation leave, or payments in lieu of accrued vacation or sick leave, as such benefits are earned and payment becomes probable.

CHAMBERSBURG AREA SCHOOL DISTRICT

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

The estimated liability for accumulated unpaid sick leave has been calculated using the vesting method in accordance with the provisions of the GASB. Under that method, the School District has identified the accrued sick leave benefit earned to date by each employee, determined the cost of that benefit by reference to the benefit provisions and the current rates paid by the School District, and estimated the probability of the payment of that benefit to employees upon retirement.

Payments for vacation, sick pay, and personal leave are expensed as paid in the governmental fund financial statements.

Liabilities for vested, unused vacation, sick pay, and personal leave are recorded in the proprietary funds and the government-wide financial statements and are expensed as incurred.

Other Postemployment Benefits Other Than Pensions

GASB establishes standards for the measurement, recognition, and display of other postemployment benefit expenditures and related liabilities, note disclosures, and if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. The School District's other postemployment benefits are accounted for in accordance with these standards.

The School District provides post-retirement benefits by permitting retired employees the ability to participate in the employee health plan at the same premium rate, albeit 100% paid by the retirees. Therefore, the School District is providing an implicit rate subsidy to its retirees. In addition, the current superintendent, associate superintendent, and Act 93 employees (administrators) may be eligible to receive a postemployment benefit based on years of service. These benefits are financed on a pay-as-you-go basis.

PSERS

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the 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.

Net Position – Government-wide Financial Statements/Proprietary Funds

In the government-wide financial statements and proprietary fund financial statements, net position is classified in the following categories:

Net Investment in Capital Assets: This component of net position consists of 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 improvement of those capital assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent

CHAMBERSBURG AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

***Net Position – Government-wide Financial Statements/Proprietary Funds
(Continued)***

proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of debt is included in the same net position component as the unspent proceeds. Deferred outflows of resources and deferred inflows of resources attributable to acquisition, construction, or improvement of assets or related debt also should be included in this component of net position.

Restricted: This component consists of net position consists of restricted assets and deferred outflows of resources reduced by liabilities and deferred inflows of resources related to those assets. These restrictions could include constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provision or enabling legislation.

As of June 30, 2024, restricted net position in governmental activities consists of the following:

Restricted for special education settlements	\$ 266,066
Restricted for unspent donations and grants	199,723
Restricted for future capital projects	<u>11,181,535</u>
	<u>\$ 11,647,324</u>

Unrestricted: This component consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance – Governmental Fund Financial Statements

Governmental funds classify fund balance based on the relative strength of the spending constraints placed on the purpose for which resources can be used. The classifications are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact. This classification includes items such as prepaid amounts, inventories, and long-term amount of loans and notes receivable. This also includes the corpus (or principal) of permanent funds.

CHAMBERSBURG AREA SCHOOL DISTRICT

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance – Governmental Fund Financial Statements (Continued)

Restricted: This classification includes amounts where the constraints placed on the use of resources are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, charge, or mandate payment and includes a legally enforceable requirement on the use of these funds.

Committed: This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority. This formal action is in the form of a resolution which is made by the School Board. Once an amount is committed, it cannot be used for any other purpose unless changed by the same type of formal action used to initially constrain the funds.

Assigned: This classification includes spendable amounts that are reported in governmental funds other than the General Fund, that are neither restricted nor committed, and amounts in the General Fund that are intended to be used for a specific purpose. The intent of an assigned fund balance should be expressed by either the School Board or a subordinate high-level body, such as the finance committee, superintendent, or business manager that is authorized to assign amounts to be used for specific purposes. As detailed in its Fund Balance Policy, the School Board has authorized the business manager or finance committee to make assignments of fund balance. Thus, these assignments can be made or changed without formal action by the Board. The assignment of fund balance cannot result in a negative unassigned fund balance.

Unassigned: This classification represents the portion of spendable fund balance that has not been categorized as restricted, committed or assigned. The general fund is the only fund which would include a positive unassigned fund balance as all other fund types must categorize amounts within the other classifications. A negative unassigned fund balance may occur in any fund when there is an over expenditure of restricted or committed fund balance. In this case, any assigned fund balance (and unassigned fund balance in the general fund) would be eliminated prior to reporting a negative unassigned fund balance.

Minimum Fund Balance Policy

The School District strives to maintain an unassigned general fund balance of not less than four percent (4%) and not more than eight percent (8%) of the budgeted expenditures for that fiscal year.

The total fund balance, consisting of portions including committed, assigned, and unassigned, may exceed eight percent (8%) of budgeted expenditures.

If the unassigned portion of the fund balance falls below the threshold of four percent (4%), the Board will pursue variations of increasing revenues and decreasing expenditures or a combination of both until four percent (4%) is attained. If the assigned and unassigned portions of the fund balance exceed eight percent (8%) of budgeted expenditures, the Board may utilize a portion of the fund balance by appropriating excess funds for nonrecurring expenditures only.

CHAMBERSBURG AREA SCHOOL DISTRICT

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Policy Regarding Order of Spending

When fund balance resources are available for a specific purpose in multiple classifications, the School District's policy is to use restricted resources first and then apply unrestricted resources in the following order: unassigned, assigned, and committed. Assigned or committed resources would only be used upon specific authorization by the School Board or the business manager in the case of assigned fund balance.

NOTE 2 CASH AND INVESTMENTS

Section 440.1 of the Pennsylvania School Code and Act 10 of 2016 define allowable investments for school districts, which are summarized as follows:

- U.S. Treasury Bills.
- Short term obligations of the U.S. Government and Federal agencies.
- Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund to the extent that such accounts are so insured, and, for any amounts above the insured maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository.
- Obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the respective governmental entity.
- Shares of an investment company registered under the Investment Company Act of 1940.
- Obligations, participations or other instruments of any federal agency, instrumentality or United States government-sponsored enterprise if the debt obligations are rated at least "A" or its equivalent.
- Commercial paper issued by corporations or other business entities organized in accordance with federal or state law, with a maturity not to exceed 270 days.
- Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances, if the banker's acceptances do not exceed 180 days.
- Negotiable certificates of deposit or other evidences of deposit, with a remaining maturity of three years or less.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The School District does not have a policy for custodial credit risk. As of June 30, 2024, the School District has a bank balance of \$ 15,271,524. Of this balance, \$ 277,795 is covered by FDIC insurance and the remaining balance of \$ 14,993,729 is uninsured and collateralized by collateral held by the pledging bank's trust department, but not in the School District's name.

Pennsylvania 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 pledger of the assets.

CHAMBERSBURG AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Deposits (Continued)

Based on the standards outlined in Act 72, the various banks utilized by the School District have pledged collateral on a pooled basis on behalf of the School District and all other governmental depositors in the respective financial institutions.

Investments

As of June 30, 2024, the School District had the following investments:

	Fair Value	Investment Maturities (in Years)			S&P Global Ratings
		Less than One Year	One to Five Years	More than Five Years	
External investment pool - PLGIT	\$ 64,630,391	\$ 64,630,391	\$ -	\$ -	AAAm

The investments in the external investment pool are considered cash equivalents for financial reporting purposes, while the negotiable certificates of deposit are considered investments for financial reporting purposes.

Interest Rate Risk - Investments

The School District does not have a formal written investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The School District’s investments that are subject to interest rate risk are included in the table previously listed.

Investments in Pennsylvania Local Government Investment Trust (PLGIT) are not subject to interest rate risk as the funds are accessible on a daily basis and the interest rates change daily based on market conditions.

Credit Risk – Investments

Included in cash and cash equivalents in the financial statements are pooled investments in the Pennsylvania Local Government Investment Trust (PLGIT) – Class, PLGIT – Prime, and PLGIT – Term. These funds operate similarly to mutual funds that consist of short-term money market instruments and seek to maintain a constant net asset value of \$ 1 per share. PLGIT deposits were invested by PLGIT directly in portfolios of securities which are held by a third-party custodian. The School District’s investments that have a credit quality rating are included in the table above.

Policies Followed at PLGIT

PLGIT is not registered with the Securities and Exchange Commission (SEC); however, PLGIT follows investment procedures similar to those followed by SEC registered money market funds. There is no regulatory oversight for the pools which are governed by the Board of Trustees. The School District’s investments in PLGIT are valued at amortized cost, which approximates fair value and is determined by the pools’ share price.

The School District has no limitations or restrictions on withdrawals on accounts held at PLGIT.

CHAMBERSBURG AREA SCHOOL DISTRICT

Notes to Financial Statements

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments – Fair Value Measurements

Generally accepted accounting principles define fair value, describe a framework for measuring fair value, and require disclosure about fair value measurements. The established framework includes a three-level hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. 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.

NOTE 3 TAXES

The School District collects property taxes, earned income taxes, and other taxes and fees primarily from taxpayers located in the Borough of Chambersburg and the Townships of Guilford, Greene, Hamilton, Letterkenny, and Lurgan in Franklin County, Pennsylvania.

Real estate taxes are considered fully collectible since liens can be filed on properties.

Property taxes are levied as of July 1 on assessed property values. The tax bills are mailed by the Tax Collectors on July 1 and are payable as follows:

Discount	July 1 - August 31
Face	September 1 - October 31
Penalty	November 1 - December 31

After December 31, the bills are considered delinquent and turned over to the Franklin County Tax Claim Bureau for collection.

NOTE 4 TAXES RECEIVABLE AND RELATED DEFERRED INFLOWS OF RESOURCES AND TAX ABATEMENTS

Taxes receivable and related deferred inflows of resources in the fund financial statements consist of the following as of June 30, 2024:

Earned income	\$ 8,105,193
Real estate	2,485,651
Local service	<u>57,300</u>
	<u>10,648,144</u>
Taxes collected within sixty days, recorded as revenues in governmental funds	<u>(6,778,779)</u>
Taxes estimated to be collected after sixty days, recorded as deferred inflows of resources in governmental funds	<u>\$ 3,869,365</u>

CHAMBERSBURG AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 4 TAXES RECEIVABLE AND RELATED DEFERRED INFLOWS OF RESOURCES AND TAX ABATEMENTS
(CONTINUED)

Tax Abatements

Keystone Opportunity Zone Program

The Keystone Opportunity Zone (KOZ) program allows eligible businesses to reduce their total tax liability through credits, waivers and broad-based tax abatements. Total real estate taxes are abated through simple reduction of their tax liability to zero with no changes to assessed values.

To be included in the KOZ program, property owners can apply through the online application process on the Pennsylvania Department of Community and Economic Development's website. The program develops a community's abandoned, unused, underutilized land and buildings into business districts and residential areas that present a well-rounded and well-balanced approach to community revitalization. Qualified businesses must (1) be located or partially located within a KOZ, (2) engaged in the active conduct of a trade or business, and (3) own or lease property in a zone from which the business actively conducts a trade, profession, or business in order to be eligible for this tax abatement program. All KOZ applicants must file an annual application to continue to be eligible for this tax abatement program. Any business which relocates outside of the zone within the first five years of locating in a zone may be required to refund all tax benefits received.

For the fiscal year ended June 30, 2024, total School District property taxes of \$ 75,531 were abated under this program.

Local Economic Revitalization Tax Assistance Act

The Chambersburg Area School District enters into property tax abatement agreements with local businesses under the Local Economic Revitalization Tax Assistance Act. The Act authorizes specified local governments to provide tax exemption for new construction and improvements to industrial, commercial and other business properties located within certain designated areas. Under the Act, local governments may grant property tax abatements of up to 100 percent of a business' property tax bill, based on assessed value, for the purpose of attracting or retaining businesses within their jurisdiction.

For the fiscal year ended June 30, 2024 there were no School District property taxes abated under this program.

NOTE 5 INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

Interfund receivables/payables consist of the following at June 30, 2024:

Funds	Interfund Receivable	Interfund Payable
General	\$ 130,316	\$ 1,059
Capital Reserve	1,266,124	-
Capital Projects	-	1,266,309
Debt Service	185	-
Food Service	1,059	130,316
	<u>\$ 1,397,684</u>	<u>\$ 1,397,684</u>

CHAMBERSBURG AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 5 INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS (CONTINUED)

The Food Service Fund and owes the General Fund for various expenses paid by the General Fund on behalf of the Food Service Fund. The Capital Projects Fund owes the Capital Reserve Fund due to the timing of the payment of invoices related to the new debt issuance.

Interfund transfers were as follows for the year ending June 30, 2024:

Funds	Transfers In	Transfers Out
General	\$ -	\$ 8,035,741
Capital Reserve	4,603,664	-
Capital Projects	-	68,108
Debt Service Fund	185	-
Medical Insurance fund	3,500,000	-
	<u>\$ 8,103,849</u>	<u>\$ 8,103,849</u>

The Board approved a transfer from the General Fund to the Capital Reserve Fund to fund future capital expenditures and a transfer from the General Fund to the Medical Insurance Fund for future insurance costs.

NOTE 6 RECEIVABLES AND DEFERRED INFLOWS

Intergovernmental receivables financial statements consist of the following as of June 30, 2024:

		Governmental Activities	Business-Type Activities
Local:	Non-resident tuition	\$ 290,836	\$ -
	Lincoln Intermediate Unit #12	186,522	-
	Charter school tuition reimbursement	118,023	-
State:	Social Security	921,706	-
	Retirement	4,378,124	-
	Pre K counts	135,000	-
	Transportation	591,240	-
Federal:	Grants	<u>1,606,256</u>	<u>30,187</u>
Total intergovernmental receivables		<u>\$ 8,227,707</u>	<u>\$ 30,187</u>

Leases Receivable and Deferred Inflows

The School District entered into a three (3) year lease as lessor for the use of School District land for farming purposes during the current year through March 31, 2025. An initial lease receivable was recorded in the amount of \$ 49,970. As of June 30, 2024, the value of the lease receivable is \$ 0 with a related deferred inflow of \$ 10,494. The lessee is required to make annual fixed payments of \$ 17,000. The lease has an interest rate of 2.015% and the School District recognized lease revenue of \$ 16,664 during the fiscal year and interest revenue of \$ 336.

CHAMBERSBURG AREA SCHOOL DISTRICT

Notes to Financial Statements

NOTE 7 CAPITAL ASSETS

Capital asset activity for the School District consists of the following as of and for the year ended June 30, 2024:

	Beginning Balance	Additions	Deductions	Ending Balance
Governmental Activities				
Cost:				
Assets not being depreciated:				
Land	\$ 6,872,414	\$ -	\$ -	\$ 6,872,414
Construction in process	7,319,272	7,089,478	(12,696,943)	1,711,807
Assets being depreciated:				
Site improvements	7,463,042	112,600	-	7,575,642
Buildings	241,298,085	12,668,853	-	253,966,938
Equipment, furniture, and fixtures	15,422,024	422,035	(2,542,654)	13,301,405
Right-to-use assets - equipment and sports fields	4,743,035	549,958	-	5,292,993
Right-to-use assets - IT subscriptions	3,844,154	969,740	-	4,813,894
Total cost	<u>286,962,026</u>	<u>21,812,664</u>	<u>(15,239,597)</u>	<u>293,535,093</u>
Less accumulated depreciation:				
Site improvements	(5,651,801)	(146,482)	-	(5,798,283)
Buildings	(75,813,145)	(5,991,333)	-	(81,804,478)
Equipment, furniture, and fixtures	(13,045,617)	(416,274)	2,539,049	(10,922,842)
Right-to-use assets - equipment and sports fields	(1,537,944)	(1,189,886)	-	(2,727,830)
Right-to-use assets - IT subscriptions	(596,303)	(946,661)	-	(1,542,964)
Total accumulated depreciation	<u>(96,644,810)</u>	<u>(8,690,636)</u>	<u>2,539,049</u>	<u>(102,796,397)</u>
Capital assets, net	<u>\$ 190,317,216</u>	<u>\$ 13,122,028</u>	<u>\$ (12,700,548)</u>	<u>\$ 190,738,696</u>
Business-Type Activities				
Cost:				
Equipment, furniture and fixtures	\$ 2,717,029	\$ 27,425	\$ -	\$ 2,744,454
Less accumulated depreciation	<u>(2,357,549)</u>	<u>(52,879)</u>	<u>-</u>	<u>(2,410,428)</u>
Capital assets, net	<u>\$ 359,480</u>	<u>\$ (25,454)</u>	<u>\$ -</u>	<u>\$ 334,026</u>

Depreciation expense for the year ended June 30, 2024 was charged to governmental functions as follows:

Instruction	\$ 7,479,192
Instructional student support	183,077
Administrative and financial support services	582,843
Operation and maintenance of plant services	343,814
Pupil transportation	101,710
	<u>\$ 8,690,636</u>

The construction in progress consists of the following:

Grandview projects	\$ 137,443
Chambersburg Area Senior High School projects	1,569,594
Various projects	4,770
Total	<u>\$ 1,711,807</u>

CHAMBERSBURG AREA SCHOOL DISTRICT

Notes to Financial Statements

NOTE 7 CAPITAL ASSETS (CONTINUED)

As of June 30, 2024, the School District had the following construction commitments, some of which were substantially completed and placed in service:

	Total Contracts	Total Costs Incurred	Total Costs To Be Incurred
Projects noted in construction in progress	\$ 5,346,582	\$ 5,228,979	\$ 117,603

NOTE 8 ACCRUED SALARIES AND BENEFITS/WITHHOLDINGS

Accrued salaries and benefits/withholdings consist of the following as of June 30, 2024:

	General Fund
Accrued salaries	\$ 5,212,039
Retirement	8,377,446
Social security	362,852
Other withholdings	429,272
	<u>\$ 14,381,609</u>

NOTE 9 LONG-TERM LIABILITIES

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Long-term Portion
Governmental Activities:						
Bonds:						
(A) Series of 2013	\$ 305,000	\$ -	\$ (5,000)	\$ 300,000	\$ 5,000	\$ 295,000
(B) Series of 2014 AA	310,000	-	(5,000)	305,000	5,000	300,000
(C) Series of 2015 A	25,335,000	-	(2,640,000)	22,695,000	5,910,000	16,785,000
(D) Series of 2015 AA	10,850,000	-	-	10,850,000	-	10,850,000
(E) Series of 2017	7,015,000	-	(570,000)	6,445,000	585,000	5,860,000
(F) Series of 2018	22,325,000	-	(5,000)	22,320,000	5,000	22,315,000
(G) Series of 2019	16,155,000	-	(5,000)	16,150,000	30,000	16,120,000
(H) Series of 2019 A	9,980,000	-	(5,000)	9,975,000	5,000	9,970,000
(I) Series of 2020	9,980,000	-	(5,000)	9,975,000	5,000	9,970,000
(J) Series of 2020 A	6,455,000	-	(270,000)	6,185,000	280,000	5,905,000
(K) Series of 2021	9,760,000	-	(20,000)	9,740,000	20,000	9,720,000
(M) Series of 2023	-	9,995,000	-	9,995,000	225,000	9,770,000
Direct borrowing:						
(L) Series of 2021	2,893,000	-	(2,893,000)	-	-	-
Unamortized bond premium/(discount)	3,976,266	(119,941)	(462,557)	3,393,768	461,060	2,932,708
Subtotal - bonds and direct borrowing	<u>125,339,266</u>	<u>9,875,059</u>	<u>(6,885,557)</u>	<u>128,328,768</u>	<u>7,536,060</u>	<u>120,792,708</u>
Compensated absences:						
Vacation leave	402,108	748,325	(763,189)	387,244	35,576	351,668
Personal leave	142,323	145,400	(156,031)	131,692	12,099	119,593
Sick leave	1,139,100	626,143	(646,695)	1,118,548	102,763	1,015,785
Subtotal - compensated absences	<u>1,683,531</u>	<u>1,519,868</u>	<u>(1,565,915)</u>	<u>1,637,484</u>	<u>150,438</u>	<u>1,487,046</u>
Subscription liability						
	3,102,218	969,740	(2,039,524)	2,032,434	706,001	1,326,433
Lease obligations						
	<u>3,228,117</u>	<u>549,961</u>	<u>(1,169,603)</u>	<u>2,608,475</u>	<u>1,193,162</u>	<u>1,415,313</u>
Total long-term liabilities	<u>\$ 133,353,132</u>	<u>\$ 12,914,628</u>	<u>\$ (11,660,599)</u>	<u>\$ 134,607,161</u>	<u>\$ 9,585,661</u>	<u>\$ 125,021,500</u>
Business-Type Activities:						
Compensated absences:						
Vacation leave	\$ 10,131	\$ 9,470	\$ (10,168)	\$ 9,433	\$ 9,433	\$ -
Sick leave	61,317	25,901	(34,583)	52,635	5,895	46,740
Total long-term liabilities	<u>\$ 71,448</u>	<u>\$ 35,371</u>	<u>\$ (44,751)</u>	<u>\$ 62,068</u>	<u>\$ 15,328</u>	<u>\$ 46,740</u>

CHAMBERSBURG AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 9 LONG-TERM LIABILITIES (CONTINUED)

Bonds and Notes

- (A) On June 3, 2013, the School District issued \$ 9,925,000 of general obligation bonds – Series of 2013. The proceeds were used to refund the 2008 Series General Obligation bonds. The bonds are due in varying amounts on March 1, 2014 to 2034. The bonds bear interest at rates ranging from 1.25% to 3.50%.
- (B) On December 11, 2014, the School District issued \$ 9,995,000 of general obligation bonds – Series of 2014 AA. The proceeds were used to currently refund a portion of the Series of 2010 A general obligation bonds and pay the related costs of issuing the bonds. A portion of the bonds were refunded with the issuance of the Series of 2020 Bonds. The bonds are due in varying amounts on February 1, 2016 to 2037. The bonds bear interest at rates ranging from 3.00% to 3.50%.
- (C) On May 13, 2015, the School District issued \$ 41,125,000 of general obligation bonds – Series of 2015 A. The proceeds were used to currently refund the Series of 2005 A general obligation bonds, the Series of 2007 general obligation bonds, a portion of the Series of 2010 A general obligation bonds and pay the related costs of issuing the bonds. The bonds are due in varying amounts on March 1, 2016 to 2033. The bonds bear interest at rates ranging from 2.00% to 5.00%.
- (D) On May 13, 2015, the School District issued \$ 10,850,000 of general obligation bonds – Series of 2015 AA. The proceeds were used for the acquisition, design, construction, furnishing, and equipping of a new elementary school (Marion), various capital projects for the School District’s existing facilities, and to pay the related costs of issuing the bonds. The bonds are due in varying amounts on March 1, 2030 to 2037. The bonds bear interest at rates ranging from 3.50% to 4.00%.
- (E) On April 27, 2017, the School District issued \$ 9,935,000 of general obligation bonds – Series of 2017. The proceeds will be used for the acquisition, design and construction, furnishing and equipping of various capital projects for the School District’s existing facilities and pay the costs of issuing the bonds. The bonds are due in varying amounts on March 1, 2017 to 2037. The bonds bear interest at rates ranging from 0.95% to 3.50%.
- (F) On October 25, 2018, the School District issued \$ 22,345,000 of general obligation bonds, Series of 2018. The proceeds were used to refund the School District’s general obligation bonds Series of 2009 and Series of 2011 and also pay the related costs of issuing the bonds. The bonds are due in varying amounts on March 1, 2020 to 2037. The bonds bear interest rates ranging from 3.00% to 4.00%.
- (G) On July 11, 2019, the School District issued \$ 16,175,000 of general obligation bonds, Series of 2019. The proceeds were used to currently refund the School District’s general obligation bonds Series of 2013 A and 2014 A and pay the related costs of issuing the bonds. The bonds are due in varying amounts on September 1, 2019 to 2029. The bonds bear interest rates ranging from 2.00% to 4.00%.

CHAMBERSBURG AREA SCHOOL DISTRICT

Notes to Financial Statements

NOTE 9 LONG-TERM LIABILITIES (CONTINUED)

Bonds and Notes (Continued)

- (H) On December 3, 2019, the School District issued \$ 9,995,000 of general obligation bonds, Series of 2019 A. The proceeds were used to currently refund the School District's general obligation bond Series of 2013 and pay the related costs of issuing the bonds. The bonds are due in varying amounts on January 15, 2020 to 2034. The bonds bear interest rates ranging from 2.00% to 3.00%.
- (I) On February 27, 2020, the School District issued \$ 9,995,000 of general obligation bonds, Series of 2020. The proceeds were used to refund a portion of the School District's general obligation bonds Series AA of 2014 and also pay the related costs of issuing the bonds. The bonds are due in varying amounts on January 15, 2021 to 2037. The bonds bear interest rates ranging from 2.00% to 3.00%.
- (J) On February 25, 2020, the School District issued \$ 7,210,000 of general obligation bonds, Series of 2020 A. The proceeds were used to for the acquisition, design, construction, furnishing and equipping of various capital projects for the School District's existing facilities and pay the related costs of issuing the bonds. The bonds are due in varying amounts on March 1, 2021 to 2040. The bonds bear interest rates ranging from 4.00% to 5.00%.
- (K) On June 15, 2021, the School District issued \$ 9,815,000 of general obligation bonds, Series of 2021. The proceeds were used to currently refund the School District's general obligation bond Series of 2016 A and pay the related costs of issuing the bonds. The bonds are due in varying amounts on February 1, 2022 to 2037. The bonds bear interest at 2.00%.
- (L) On April 1, 2021, the School District issued \$ 9,108,000 of general obligation note, Series of 2021. The proceeds were used to currently refund the School District's general obligation bonds Series of 2012 and 2016 and pay the related costs of issuing the note. The note was due in varying amounts on September 1, 2021 to 2023. The note had interest of 0.695%. This note was paid in full during the current fiscal year.
- (M) On October 24, 2023, the School District issued \$ 9,995,000 of general obligation bonds, Series of 2023. The proceeds were used to fund the acquisition, design, construction, furnishing, and equipping of various capital projects of the School District, and to pay the related costs of issuing the bonds. The bonds are due in varying amounts on March 1, 2025 to 2049. The bonds bear interest rates ranging from 4.00% to 5.50%.

The School District's general obligation bonds contain a provision that in the event of default for nonpayment of principal and interest, the School Code allows for the Commonwealth of Pennsylvania to withhold monies from the School District's subsidies and pay any past due amounts directly or to the paying agent for payment to the bond holders. In addition, all bonds and notes are secured by general taxing and revenue of the School District.

Lease Obligations

The School District entered into various lease agreements with remaining terms between one and eight years for the use of copiers, computer equipment, and athletic fields. The School District is required to make fixed payments (monthly, quarterly, and annually) between \$ 5,387 and \$ 442,402. The leases have interest rates ranging from 0.23% and 9.14%. The associated right-to-use assets are disclosed in the Capital Asset footnote.

CHAMBERSBURG AREA SCHOOL DISTRICT

Notes to Financial Statements

NOTE 9 LONG-TERM LIABILITIES (CONTINUED)

IT Subscription Liabilities

The School District entered into various subscription arrangements with remaining terms between one and four years for the exclusive use of subscription-based information technology. The School District is required to make annual fixed payments between \$ 11,000 and \$ 486,919. The agreements have interest rates ranging from 1.66% and 6.39%. The associated right-to-use assets are disclosed in the Capital Asset footnote.

The annual debt requirements for future general obligation bonds, direct borrowings, leases, and subscription liabilities, as of June 30, 2024, are as follows:

		Bonds					
		Series of 2013		Series of 2014 AA		Series of 2015 A	
		Principal	Interest	Principal	Interest	Principal	Interest
2025	\$	5,000	\$ 9,000	\$ 5,000	\$ 9,135	\$ 5,910,000	\$ 837,150
2026		5,000	8,850	5,000	8,993	6,210,000	541,650
2027		5,000	8,700	5,000	8,850	4,750,000	355,350
2028		5,000	8,550	5,000	8,700	5,000	206,912
2029		5,000	8,400	5,000	8,550	5,000	206,750
2030 - 2034		275,000	8,250	280,000	24,900	5,815,000	468,340
2035 - 2039		-	-	-	-	-	-
2040 - 2044		-	-	-	-	-	-
2045 - 2049		-	-	-	-	-	-
		<u>\$ 300,000</u>	<u>\$ 51,750</u>	<u>\$ 305,000</u>	<u>\$ 69,128</u>	<u>\$ 22,695,000</u>	<u>\$ 2,616,152</u>

		Bonds					
		Series of 2015 AA		Series of 2017		Series of 2018	
		Principal	Interest	Principal	Interest	Principal	Interest
2025	\$	-	\$ 417,406	\$ 585,000	\$ 202,519	\$ 5,000	\$ 866,944
2026		-	417,406	600,000	188,625	5,000	866,788
2027		-	417,406	620,000	173,625	5,000	866,631
2028		-	417,406	405,000	155,025	5,000	866,475
2029		-	417,406	410,000	142,875	5,000	866,319
2030 - 2034		4,170,000	1,795,704	2,270,000	508,876	13,615,000	3,196,702
2035 - 2039		6,680,000	480,000	1,555,000	110,075	8,680,000	696,238
2040 - 2044		-	-	-	-	-	-
2045 - 2049		-	-	-	-	-	-
		<u>\$ 10,850,000</u>	<u>\$ 4,362,734</u>	<u>\$ 6,445,000</u>	<u>\$ 1,481,620</u>	<u>\$ 22,320,000</u>	<u>\$ 8,226,097</u>

		Bonds					
		Series of 2019		Series of 2019 A		Series of 2020	
		Principal	Interest	Principal	Interest	Principal	Interest
2025	\$	30,000	\$ 645,400	\$ 5,000	\$ 229,325	\$ 5,000	\$ 213,369
2026		165,000	644,800	5,000	229,225	5,000	213,219
2027		1,820,000	638,200	20,000	229,125	5,000	213,219
2028		6,925,000	565,400	70,000	228,725	5,000	213,019
2029		7,210,000	288,400	70,000	227,325	5,000	212,919
2030 - 2034		-	-	9,805,000	708,895	3,345,000	1,038,795
2035 - 2039		-	-	-	-	6,605,000	296,669
2040 - 2044		-	-	-	-	-	-
2045 - 2049		-	-	-	-	-	-
		<u>\$ 16,150,000</u>	<u>\$ 2,782,200</u>	<u>\$ 9,975,000</u>	<u>\$ 1,852,620</u>	<u>\$ 9,975,000</u>	<u>\$ 2,401,209</u>

CHAMBERSBURG AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 9 LONG-TERM LIABILITIES (CONTINUED)

Bonds and Notes (Continued)

	Bonds				Direct Borrowings	
	Series of 2020 A		Series of 2023		Series of 2021	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 280,000	\$ 250,200	\$ 225,000	\$ 469,772	\$ 20,000	\$ 194,800
2026	295,000	236,200	235,000	457,396	20,000	194,400
2027	305,000	224,400	245,000	444,472	20,000	194,000
2028	320,000	212,200	260,000	430,996	150,000	193,600
2029	335,000	199,400	275,000	416,696	155,000	190,600
2030 - 2034	1,870,000	786,200	1,540,000	1,909,680	4,840,000	808,100
2035 - 2039	1,780,000	381,400	1,880,000	1,564,474	4,535,000	182,400
2040 - 2044	1,000,000	20,400	2,355,000	1,093,130	-	-
2045 - 2049	-	-	2,980,000	461,500	-	-
	<u>\$ 6,185,000</u>	<u>\$ 2,310,400</u>	<u>\$ 9,995,000</u>	<u>\$ 7,248,116</u>	<u>\$ 9,740,000</u>	<u>\$ 1,957,900</u>
	Lease Obligations		Subscription Liabilities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 1,193,163	\$ 54,577	\$ 706,001	\$ 47,936	\$ 8,974,164	\$ 4,447,533
2026	710,437	25,190	497,280	30,940	8,757,717	4,063,682
2027	379,140	12,432	409,717	19,715	8,588,857	3,806,125
2028	202,852	3,007	419,436	9,994	8,777,288	3,520,009
2029	22,982	387	-	-	8,502,982	3,186,027
2030 - 2034	99,901	800	-	-	47,924,901	11,255,242
2035 - 2039	-	-	-	-	31,715,000	3,711,256
2040 - 2044	-	-	-	-	3,355,000	1,113,530
2045 - 2049	-	-	-	-	2,980,000	461,500
	<u>\$ 2,608,475</u>	<u>\$ 96,393</u>	<u>\$ 2,032,434</u>	<u>\$ 108,585</u>	<u>\$ 129,575,909</u>	<u>\$ 35,564,904</u>

CHAMBERSBURG AREA SCHOOL DISTRICT

Notes to Financial Statements

NOTE 10 GOVERNMENTAL FUNDS – FUND BALANCE

The following table provides detail of the fund balance classifications which are aggregated on the governmental funds balance sheet:

	General Fund	Capital Projects	Capital Reserve	Other Governmental	Total Governmental
FUND BALANCES					
Nonspendable:					
Prepaid expenditures	\$ 3,032,428	\$ -	\$ -	\$ -	\$ 3,032,428
Inventories	63,450	-	-	-	63,450
Total Nonspendable	3,095,878	-	-	-	3,095,878
Restricted for:					
Special education settlements	266,066	-	-	-	266,066
Unspent donations and grants	199,723	-	-	-	199,723
Future capital projects	-	8,178,032	10,850,058	-	19,028,090
Total Restricted	465,789	8,178,032	10,850,058	-	19,493,879
Committed for:					
Future property tax relief	9,379,770	-	-	-	9,379,770
Student athletic programs	-	-	-	205,565	205,565
Total Committed	9,379,770	-	-	205,565	9,585,335
Assigned for:					
Property tax assessment appeals	3,000,000	-	-	-	3,000,000
Special education contingency funds	2,000,000	-	-	-	2,000,000
Future capital reserve transfer	5,000,000	-	-	-	5,000,000
Budgetary reserve	5,000,000	-	-	-	5,000,000
Charter schools	1,000,000	-	-	-	1,000,000
Technology	5,000,000	-	-	-	5,000,000
Transportation shortfall	1,000,000	-	-	-	1,000,000
Food service outstanding bad debt	100,000	-	-	-	100,000
Health care transfer	5,000,000	-	-	-	5,000,000
Franklin County Career and Technology Center roof project	1,000,000	-	-	-	1,000,000
Franklin Learning Center capital needs	500,000	-	-	-	500,000
Debt service transfer	6,500,000	-	-	-	6,500,000
ELL program expansion	750,000	-	-	-	750,000
Educational blueprint	3,807,037	-	-	-	3,807,037
Total Assigned	39,657,037	-	-	-	39,657,037
Unassigned	-	-	-	-	-
Total fund balances	\$ 52,598,474	\$ 8,178,032	\$ 10,850,058	\$ 205,565	\$ 71,832,129

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS

Plan Descriptions and Benefits Provided

School District Plan

The School District has a healthcare plan for retired employees, which is a single employer defined benefit healthcare plan administered by the School District. The plan provides medical and prescription drug coverage for both the retiree and spouse. The member is eligible until the employee reaches Medicare age. To continue coverage upon retirement, the retiree must reimburse the School District 100% of the School District's cost of coverage.

Retirees opting to participate are asked to pay a premium amount that is less than the School District's actual cost to provide health care coverage to retirees. The premium amount retirees pay is a blended rate for covering both active and retired Plan members. The fact that the blended rate that retirees pay is less than the cost of covering retired members and their beneficiaries results in what is known as an "implicit rate subsidy" by the School District, which gives rise to the benefit.

CHAMBERSBURG AREA SCHOOL DISTRICT

Notes to Financial Statements

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Plan Descriptions and Benefits Provided (Continued)

School District Plan (Continued)

In addition, Act 93 employees (administrators) may be eligible to receive a postemployment benefit based on years of service. These benefits are detailed as follows:

Act 93 Employees (Administrators)

For employees who were in the Act 93 group prior to July 1, 2006, they will maintain their paid health care privileges upon retirement, and access to health care will follow Act 93 requirements. Those employees who are eligible for medical benefits upon retirement, and who retire between the ages of 53 and 64, will receive medical benefits equal to those provided as follows: 100% coverage after 25 years of service, 75% coverage after 20 years of service, and 50% after 15 years of service. For employees joining this group on or after July 1, 2006, a payment of \$ 2,500 per year will be contributed to a 403b or 457 account of the employee's choice, annually.

These employees may purchase coverage until Medicare age by paying the premium that is determined for COBRA.

The administrators have the option of waiving the above benefit and in lieu of receiving postemployment benefits, receive an annual amount paid into a 403b or 457b account maintained by the employee. Currently, 57 employees have elected to receive this benefit in lieu of the other postemployment benefits described above.

No assets are accumulated in a trust that meets the criteria of GASB standards.

PSERS

In addition to the other postemployment benefit detailed above, the Public School Employees' Retirement System (PSERS) also provides a health insurance premium assistance program for all eligible employees, which is a governmental cost-sharing multiple employer defined benefit plan. 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. Healthcare cost trends were applied to retirees receiving less than \$ 1,200 in annual premium assistance. The annual premium assistance reimbursement for qualifying retirees is capped a maximum of \$ 1,200. As of June 30, 2023, there were no assumed future benefit increase to participating eligible retirees or employer-sponsored health insurance program.

Retirees of the System can participate in the premium assistance program if they 1) have 24 ½ or more years of service, 2) are a disability retiree, 3) have 15 or more years of service and retired after reaching superannuation age, or 4) participate in the PSERS' health option program or employer-sponsored health insurance program.

CHAMBERSBURG AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

PSERS (Continued)

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.

Plan Membership

Membership in the School District's plan consisted of the following at July 1, 2022, the date of the latest actuarial valuation:

Active participants	1,006
Vested former participants	0
Retired participants	<u>23</u>
Total	<u>1,029</u>

Contributions

PSERS

The School District's 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 the employee contributions, is expected to finance the costs of benefits earned by employees during the year with an additional amount to finance the unfunded accrued liability. Contributions to the OPEB plan from the employer were \$ 436,269 for the year ended June 30, 2024.

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

School District Plan

The School District's total OPEB liability was measured as of July 1, 2023 based on an actuarial valuation as of July 1, 2022, which was based on census information as of July 2022. The plan has no assets that are accumulated in a trust that meets the criteria established in GASB Statement No. 75. At June 30, 2024, the School District reported a total OPEB liability of \$ 3,136,337.

For the year ended June 30, 2024, the School District recognized OPEB expense of \$ 107,149.

PSERS

At June 30, 2024, the School District reported a liability of \$ 7,665,691 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 School District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2023, the School District's proportion was 0.4237 percent, which was an increase of 0.0023 percent from its proportion measured as of June 30, 2022.

CHAMBERSBURG AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

PSERS (Continued)

For the year ended June 30, 2024, the School District recognized OPEB expense of \$ 246,086.

The table below summarizes the combined OPEB liability and OPEB expense:

	Total OPEB/ Net OPEB Liability	OPEB Expense
School District Plan	\$ 3,136,337	\$ 107,149
PSERS	7,665,691	246,086
Total	<u>\$ 10,802,028</u>	<u>\$ 353,235</u>

Changes in the Total OPEB Liability

School District Plan

	Total OPEB Liability
Beginning Balance	\$ 2,973,738
Changes for the year:	
Service cost	154,993
Interest	123,620
Difference between expected and actual experience	-
Changes in assumptions	38,855
Benefit payments	(154,869)
Net changes	162,599
Ending Balance	<u>\$ 3,136,337</u>

At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	School District Plan		PSERS		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 693,556	\$ 50,000	\$ 76,000	\$ 50,000	\$ 769,556
Changes in assumptions	566,097	1,839,214	662,000	1,451,000	1,228,097	3,290,214
Net difference between projected and actual investment earnings	-	-	17,000	-	17,000	-
Changes in proportions - plan	-	-	349,000	70,000	349,000	70,000
Changes in proportions - governmental activities/business-type activities	-	-	194,015	194,015	194,015	194,015
Difference between employer contributions and proportionate share of total contributions	-	-	9,993	11,090	9,993	11,090
Contributions subsequent to the measurement date	140,737	-	341,719	-	482,456	-
	<u>\$ 706,834</u>	<u>\$ 2,532,770</u>	<u>\$ 1,623,727</u>	<u>\$ 1,802,105</u>	<u>\$ 2,330,561</u>	<u>\$ 4,334,875</u>

CHAMBERSBURG AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Changes in Total OPEB Liability (Continued)

The \$ 482,456 reported as deferred outflows of resources related to OPEB liabilities resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	School District Plan	PSERS	Total
2024	\$ (171,434)	\$ (69,130)	\$ (240,564)
2025	(171,434)	(107,276)	(278,710)
2026	(171,434)	(162,361)	(333,795)
2027	(171,434)	(171,125)	(342,559)
2028	(171,434)	(10,205)	(181,639)
Thereafter	(1,109,503)	-	(1,109,503)
Total	<u>\$ (1,966,673)</u>	<u>\$ (520,097)</u>	<u>\$ (2,486,770)</u>

Actuarial Methods and Assumptions

School District Plan

The total OPEB liability was determined by an actuarial valuation as of July 1, 2024, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

PSERS

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

CHAMBERSBURG AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

	School District Plan	PSERS
Actuarial Cost Method	Entry age normal	Entry age normal – level % of pay.
Investment Rate of Return	4.13% - S&P 20 year municipal bond rate as of July 1, 2023.	4.13% - S&P 20 year municipal bond rate as of June 30, 2023.
Salary	An assumption for salary increase is used for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of a 2.5% cost of living adjustment, 1% real wage growth, and for teachers and administrators a merit increase which varies by age from 2.75% to 0%.	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	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.	Based on the blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjust to reflect PSERS' experience and project using a modified version of the MP-2020 Improvement Scale.
Percentage of Eligible Employees Electing Coverage in Plan	100% of employees who qualify for enhanced benefits and 45% of employees who qualify for Act 110/43 benefits are assumed to elect coverage.	Eligible retirees will elect to participate pre-age 65 at 50% and eligible retirees will elect to participate post-age 65 at 70%.
Health Care Cost Trend Rate	7.0% in 2023, with a 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.	Applied to retirees with less than \$ 1,200 in premium assistance per year. Benefit is capped at \$ 1,200 per year.
Per Capita Claims Cost	The per capita claims cost for medical and prescription drug is based on the expected portion of the group's overall cost attributed to individuals in the specified age and gender brackets. The resulting costs are as follows: age 45-49, \$ 6,476 for males and \$ 9,352 for females; 50-54, \$ 8,576 for males and \$ 10,570 for females; 55-59, \$ 10,446 for males and \$ 11,060 for females; and 60-64, \$ 13,631 for males and \$ 12,705 for females.	N/A

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

PSERS

Investment Return

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

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

OPEB – Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	<u>100%</u> <u>100%</u>	1.2%

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

Discount Rate

The discount rate used to measure the total OPEB liability was 4.13% for the School District’s Plan and PSERS. The School District Plan is not funded, therefore, the S&P 20-year municipal bond rate 4.13% as of July 1, 2023 is the applicable discount rate. Under the PSERS 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 or the payment of premium assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB’s plan 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 Total and Net OPEB Liability to Changes in the Discount Rate

The following presents the total and net OPEB liabilities of the School District, as well as what the School District’s liabilities would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate.

CHAMBERSBURG AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

***Sensitivity of the Total and Net OPEB Liability to Changes in the Discount Rate
(Continued)***

	1% Decrease 3.13%	Current Discount Rate 4.13%	1% Increase 5.13%
School District Plan - Total OPEB liability	\$ 3,409,646	\$ 3,136,337	\$ 2,879,456
	1% Decrease 3.13%	Current Discount Rate 4.13%	1% Increase 5.13%
PSERS - School District's proportionate share of the net OPEB liability	\$ 8,667,000	\$ 7,665,691	\$ 6,828,000

Sensitivity of the Total and Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

For the PSERS plan, healthcare cost trends were applied to retirees receiving less than \$ 1,200 in annual Premium Assistance. As of June 30, 2023, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$ 1,200.

The following presents the total and net pension liabilities of the plan, as well as what the plans' total OPEB liability would be if it were calculated using the healthcare cost trend rate that are one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

School District Plan

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
School District Plan - Total OPEB Liability	\$ 2,734,842	\$ 3,136,337	\$ 3,616,275

PSERS

	1% Decrease	Healthcare Cost Trend	1% Increase
PSERS - School District's proportionate share of the net OPEB liability	\$ 7,665,000	\$ 7,665,691	\$ 7,666,000

OPEB Plan Fiduciary Net Position

PSERS

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

CHAMBERSBURG AREA SCHOOL DISTRICT

Notes to Financial Statements

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Payables to the OPEB Plan

School District Plan

As of June 30, 2024, the School District had no amounts payable to the School District OPEB Plan.

PSERS

As of June 30, 2024, the School District had \$ 150,693 included in accrued salaries and benefits/withholdings liability, of which \$ 126,240 is for the contractually required contribution for the second quarter of 2024 and \$ 31,453 is related to the accrued payroll liability for wages incurred as of June 30, 2024.

NOTE 12 AFFILIATES

As explained in Note 1, the School District is affiliated with Lincoln Intermediate Unit #12, Franklin County Career and Technology Center, and Franklin Learning Center. Payments to fund the operating costs (excluding debt payments below) for the year ended June 30, 2024 were as follows:

Lincoln Intermediate Unit #12	\$ 5,049,404
Franklin County Career and Technology Center	2,201,915
Franklin Learning Center	<u>599,059</u>
	<u>\$ 7,850,378</u>

During the year ended June 30, 2021, the Franklin County Career and Technology Center issued a note in the amount of \$ 11,211,000 to refinance a previous bond that was issued to finance building additions and renovations. Each member district adopted resolutions approving the project and the related debt issues and is responsible for their individual share of the debt. Under the Articles of Agreement, each member district's share of debt payments is based on the district's ratio of market valuation of real estate to the total market valuation of real estate of all participating school districts. The Chambersburg Area School District's share of debt payments for 2023/2024 was \$ 316,657, which are excluded from the operating costs above. Based on the latest market valuation available, Chambersburg Area School District's share is 41.72%, which represents \$ 3,988,015 of the outstanding debt of the Tech Center as of June 30, 2024.

During the year ended June 30, 2024, the School District also provided Franklin County Career and Technology Center \$ 499,305 for capital reserve.

NOTE 13 PENSION PLAN

General Information About the Pension Plan

Plan Description

PSERS is a governmental cost-sharing multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System 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.state.pa.us.

NOTE 13 PENSION PLAN (CONTINUED)

General Information About the Pension Plan (Continued)

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (C) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011.

Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service.

Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined by 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 rights to benefits are vested after ten years of service.

Act 5 of 2017 (Act 5) introduced a hybrid benefit plan 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).

Class T-G and Class T-H members qualify for a defined benefit normal retirement benefit must work until age 67 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 97 with a minimum 35 years of service.

Defined benefits for T-G and T-H are 1.25% or 1.00%, 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. A members' right to a defined benefit is vested in 10 years.

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 by the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefits 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.

CHAMBERSBURG AREA SCHOOL DISTRICT

Notes to Financial Statements

NOTE 13 PENSION PLAN (CONTINUED)

General Information About the 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%
T-C	On or after July 22, 1983	6.25%	N/A	6.25%
T-D	Prior to July 22, 1983	6.50%	N/A	6.50%
T-D	On or after July 22, 1983	7.50%	N/A	7.50%
T-E	On or after July 1, 2011	7.50% base rate with shared risk provision	N/A	Prior to 7/1/21: 7.50% After 7/1/21: 8.00%
T-F	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	Prior to 7/1/21: 10.30% After 7/1/21: 10.80%
T-G	On or after July 1, 2019	5.5% base rate with shared risk provision	2.75%	Prior to 7/1/21: 8.25 % After 7/1/21: 9.00%
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	Prior to 7/1/21: 7.50% After 7/1/21: 8.25%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

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

Employer Contributions

The School District's contractually required contribution rate for fiscal year ended June 30, 2024 was 33.09% of covered payroll. This is 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 recognized as revenue by the defined benefit pension plan from the School District were \$ 22,545,269 for the year ended June 30, 2024. In addition, the School District's contribution to the defined contribution plan was \$ 195,262 for the year ended June 30, 2024.

State Funding

The Commonwealth of Pennsylvania generally reimburses the School District for 50-60% of its retirement expense. This arrangement does not meet the criteria of a special funding situation in accordance with GASB standards. Therefore, the net pension and OPEB liabilities and related pension and OPEB expense represent 100% of the School District's share of these amounts. During the year ended June 30, 2024, the School District recognized revenue of \$ 12,508,028 as reimbursement for its current year pension and OPEB payments.

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

At June 30, 2024, the School District reported a liability of \$ 188,488,792 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2022 to June 30, 2023. The School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2023, the School District's proportion was 0.4237 percent, which was an increase of 0.0023 percent from its proportion measured as of June 30, 2022.

CHAMBERSBURG AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 13 PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2024, the School District recognized pension expense of \$ 16,162,916.

At June 30, 2024, the School 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	\$ 43,000	\$ 2,581,000
Changes in assumptions	2,813,000	-
Net difference between projected and actual investment earnings	5,334,000	-
Changes in proportions - plan	4,878,000	-
Changes in proportions - governmental activities/business-type activities	421,728	421,728
Difference between employer contributions and proportionate share of total contributions	154,222	369,533
Contributions subsequent to the measurement date	21,592,397	-
	<u>\$ 35,236,347</u>	<u>\$ 3,372,261</u>

The \$ 21,592,397 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2025	\$ 4,318,477
2026	(1,632,610)
2027	5,804,822
2028	1,781,000
Total	<u>\$ 10,271,689</u>

Actuarial Assumptions

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

- Actuarial cost method – Entry Age Normal – level percent of pay.
- Investment rate of 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 and 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 projecting using a modified version of the MP-2010 Improvement Scale.

NOTE 13 PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses 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 PSERS 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.

The PSERS's 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.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public entity	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>	

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.

NOTE 13 PENSION PLAN (CONTINUED)

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and
Deferred Inflows of Resources Related to Pensions (Continued)*

**Sensitivity of the School District’s Proportionate Share of the Net Pension Liability to
Changes in the Discount Rate**

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
School District’s proportionate share of the net pension liability	\$ 244,333,000	\$ 188,488,792	\$ 141,373,000

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

As of June 30, 2024, the School District had \$ 8,219,753 included in accrued salaries and benefits/withholdings liability of which \$ 6,580,281 is for the contractually required contribution for the second quarter of 2024 and \$ 1,639,472 that is related to the accrued payroll liability for wages incurred as of June 30, 2024.

NOTE 14 CONTINGENCIES

The School District is subject to real estate tax assessment appeals on an ongoing basis. If tax appeals are successful, the result is a loss of tax revenue to the School District. It is anticipated that any material loss of tax revenue on individual tax appeals will be offset with additional revenues from other properties or other sources of revenue and would not create a financial hardship to the School District. At June 30, 2024, the School District is involved in multiple real estate tax assessment appeals involving the valuation or claimed exemption of properties within the School District. The School District has assigned fund balance for one specific appeal but cannot predict the total impact at this time.

The School District typically is involved with various lawsuits in the normal course of operations. Management cannot predict the outcome of the lawsuits or estimate the amount of any loss that may result. Accordingly, no provision for any contingent liabilities that may result have been made in the financial statements. Management believes that losses resulting from these matters, if any, would be substantially covered under the School District’s professional liability insurance policy and would not have a material effect on the financial position of the School District.

CHAMBERSBURG AREA SCHOOL DISTRICT

Notes to Financial Statements

NOTE 14 CONTINGENCIES (CONTINUED)

The School District participates in numerous state and federal programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School District has not complied with rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2024 may be impaired. In the opinion of the School District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

NOTE 15 RISK MANAGEMENT

The School District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The School District has purchased commercial insurance to cover general liability, directors' and officers' liability, and unemployment compensation. For these insured programs there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or three prior years.

Medical Insurance Fund

As of July 1, 2011, the School District implemented its own self-funded health care plan administered by Capital Blue Cross. This plan is a "cost plus" plan in which the School District pays Capital Blue Cross for actual claims and administering the plan. The School District has an internal service fund to account for the revenues and expense of the program. Transfers are made from the general fund and food service fund to the internal service fund based on actuarially determined rates. Other sources of revenue are proceeds from stop-loss insurance coverage, COBRA payments, and employee reimbursements (including retirees who elect to continue coverage). The School District maintains stop-loss coverage for claims greater than \$ 250,000 individually.

The School District offers its employees a direct reimbursement for eye care and dental expenses. The School District has an agreement with a third-party administrator who determines the benefit amount to be paid. The maximum allowance is \$ 1,000 for each individual covered for dental coverage. Coverage for eye care is based on allowances for different services (i.e. – exam, frames, lenses, etc.). Payment for these services is once every two years for adults and once a year for dependents up to age 19. There is no carryover for unused funds and the allowances run on a calendar year.

CHAMBERSBURG AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 15 RISK MANAGEMENT (CONTINUED)

Changes in the self-insured claims liability amounts (including stop loss premiums and administrative charges) for the year ended June 30 were as follows:

Year Ended June 30		Liability Beginning	Current Year Expense (including Changes in Estimate)		Payments	Liability Ending
2024	\$	2,151,164	\$ 20,172,226	\$	19,845,180	\$ 2,478,210
2023		2,151,164	18,746,069		18,746,069	2,151,164

The ending liability represents unpaid claims and the estimated amount of incurred but not reported (IBNR) claims as of June 30, 2024. All expenditures for the School District's risk management are recorded in the internal service fund, general fund or food service fund.

REQUIRED SUPPLEMENTARY INFORMATION

CHAMBERSBURG AREA SCHOOL DISTRICT
Budgetary Comparison Schedule - General Fund
Year Ended June 30, 2024

	BUDGET ORIGINAL/FINAL	ACTUAL (BUDGETARY/ GAAP BASIS)	VARIANCE WITH FINAL BUDGET
REVENUES			
Local Sources			
Taxes	\$ 106,578,356	\$ 108,318,826	\$ 1,740,470
Investment earnings	1,100,000	3,414,626	2,314,626
Federal revenue from intermediate sources	1,800,000	2,077,021	277,021
Other	432,475	1,233,390	800,915
State sources	53,893,045	61,213,899	7,320,854
Federal sources	<u>15,132,381</u>	<u>14,568,771</u>	<u>(563,610)</u>
Total revenues	<u>178,936,257</u>	<u>190,826,533</u>	<u>11,890,276</u>
EXPENDITURES			
Instruction	110,165,299	105,977,355	4,187,944
Support services	46,572,544	48,649,150	(2,076,606)
Operation of noninstructional services	2,157,914	2,435,869	(277,955)
Facilities acquisition, construction and improvements	10,730,000	4,466,467	6,263,533
Debt service			
Principal	6,423,000	9,632,127	(3,209,127)
Interest	<u>4,054,291</u>	<u>4,301,534</u>	<u>(247,243)</u>
Total expenditures	<u>180,103,048</u>	<u>175,462,502</u>	<u>4,640,546</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	2,000	7,738	5,738
Proceeds from issuance of leases and subscription-based IT arrangements	-	1,934,958	1,934,958
Interfund transfers	<u>(1,035,741)</u>	<u>(8,035,741)</u>	<u>(7,000,000)</u>
Total other financing sources and (uses)	<u>(1,033,741)</u>	<u>(6,093,045)</u>	<u>(5,059,304)</u>
Net change in fund balances	<u>\$ (2,200,532)</u>	<u>\$ 9,270,986</u>	<u>\$ 11,471,518</u>

CHAMBERSBURG AREA SCHOOL DISTRICT
Schedule of School District's Proportionate Share of Net Pension Liability – Public School Employees' Retirement System

For the Fiscal Year Ended June 30	School District's Proportion of the Net Pension Liability (Asset)	School District's Proportionate Share of the Net Pension Liability (Asset)	School District's Covered Payroll - measurement period	School District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.4237%	\$ 188,488,792	\$ 62,977,693	299.29%	61.85%
2023	0.4213%	187,304,596	61,957,965	302.31%	61.34%
2022	0.4049%	166,238,700	57,450,972	289.36%	63.67%
2021	0.4024%	198,137,800	56,472,408	350.86%	54.32%
2020	0.4101%	191,855,475	56,555,660	339.23%	55.66%
2019	0.4031%	193,508,000	54,281,936	356.49%	54.00%
2018	0.4019%	198,491,999	53,502,339	371.00%	51.84%
2017	0.4189%	207,593,547	54,257,321	382.61%	50.14%
2016	0.4160%	173,954,281	51,673,821	336.64%	54.36%
2015	0.3975%	157,333,350	50,729,081	310.14%	57.24%

NOTES

The amounts presented for each fiscal year were determined as of the measurement period year-end that was used for the fiscal year. For PSERS, the measurement period year-end is one year prior to the fiscal year-end.

Changes in Actuarial Assumptions

The following actuarial assumptions were changed during the 2020-2021:

- Actuarial cost method – Entry Age Normal – level % of pay
- The investment return 7.00%, includes inflation of 2.50%
- Salary growth – effective average of 4.5% comprised of inflation of 2.50% and 2.00% for real wage growth for merit or seniority increases
- Mortality rates 50% PubT-2010 and 50% PUBG-2010 Retiree Tables for Males and Females. Adjusted to reflect PSERS' experience and projected using modified version of the MP-2020 Improvement Scale.

CHAMBERSBURG AREA SCHOOL DISTRICT
Schedule of School District's Contributions – 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)	School District's Covered Payroll - Fiscal Year	Contributions as a Percentage of Covered Employee Payroll
2024	\$ 22,545,269	\$ 22,545,269	\$ -	\$ 62,960,895	35.81%
2023	22,179,642	22,179,642	-	62,977,693	35.22%
2022	20,722,770	20,722,770	-	61,957,965	33.45%
2021	19,229,445	19,229,445	-	57,450,972	33.47%
2020	18,755,093	18,755,093	-	56,472,408	33.21%
2019	18,379,550	18,379,550	-	56,555,660	32.50%
2018	17,149,602	17,149,602	-	54,281,936	31.59%
2017	15,411,152	15,411,152	-	53,502,339	28.80%
2016	13,346,121	13,346,121	-	54,257,321	24.60%
2015	10,335,827	10,335,827	-	51,673,821	20.00%

CHAMBERSBURG AREA SCHOOL DISTRICT

Schedule of Changes in the School District's Total OPEB Liability and Related Ratios - School District Plan

	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability							
Service cost	\$ 154,993	\$ 349,725	\$ 349,810	\$ 249,676	\$ 249,581	\$ 317,071	\$ 296,170
Interest	123,620	114,125	91,278	138,822	121,309	147,516	103,960
Differences between expected and actual experience	-	(599,283)	-	(87,943)	-	(204,870)	-
Changes in assumptions	38,855	(1,461,658)	(161,519)	558,546	(128,402)	(659,597)	283,954
Benefit payments	<u>(154,869)</u>	<u>(185,336)</u>	<u>(176,725)</u>	<u>(191,378)</u>	<u>(170,389)</u>	<u>(180,076)</u>	<u>(151,811)</u>
Net change in total OPEB liability	162,599	(1,782,427)	102,844	667,723	72,099	(579,956)	532,273
Total OPEB liability - beginning	<u>2,973,738</u>	<u>4,756,165</u>	<u>4,653,321</u>	<u>3,985,598</u>	<u>3,913,499</u>	<u>4,493,455</u>	<u>3,961,182</u>
Total OPEB liability - ending	<u>\$ 3,136,337</u>	<u>\$ 2,973,738</u>	<u>\$ 4,756,165</u>	<u>\$ 4,653,321</u>	<u>\$ 3,985,598</u>	<u>\$ 3,913,499</u>	<u>\$ 4,493,455</u>
Covered employee payroll	N/A	\$ 56,625,982	N/A	\$ 58,071,045	N/A	\$ 50,255,467	\$ 47,608,687
Total OPEB liability as a percentage of covered employee payroll	N/A	5.25%	N/A	8.01%	N/A	7.79%	9.44%

NOTES

This schedule will be expanded to show multi-year trends as additional information becomes available in the future.

The amounts presented for each fiscal year were determined as of the measurement period year end that was used for the fiscal year. For the School District plan, the measurement period is one year prior to the fiscal year end.

N/A – Information is unavailable.

CHAMBERSBURG AREA SCHOOL DISTRICT
Schedule of School District's Proportionate Share of the Net OPEB Liability – Public
School Employees' Retirement System

For the Fiscal Year Ended June 30	School District's Proportion of the Net OPEB Liability (Asset)	School District's Proportionate Share of the Net OPEB Liability (Asset)	School District's Covered Payroll - measurement period	School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2024	0.4237%	\$ 7,665,691	\$ 62,977,693	12.17%	7.22%
2023	0.4214%	7,757,009	61,957,965	12.52%	6.86%
2022	0.4053%	9,605,946	57,450,972	16.72%	5.30%
2021	0.4023%	8,692,484	56,472,408	15.39%	5.69%
2020	0.4101%	8,722,179	56,555,660	15.42%	5.56%
2019	0.4031%	8,404,000	54,281,936	15.48%	5.56%
2018	0.4190%	8,188,359	53,502,339	15.30%	5.47%

NOTES

This schedule will be expanded to show 10 fiscal years once information becomes available in the future.

The amounts presented for each fiscal year were determined as of the measurement period year-end that was used for the fiscal year. For PSERS, the measurement period year-end is one year prior to the fiscal year-end.

CHAMBERSBURG AREA SCHOOL DISTRICT
Schedule of School District's OPEB Contributions – 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)	Covered Payroll - Fiscal Year	Contributions as a Percentage of Covered Employee Payroll
2024	\$ 436,269	\$ 436,269	\$ -	\$ 62,960,895	0.69%
2023	486,186	486,186	-	62,977,693	0.77%
2022	473,057	473,057	-	61,957,965	0.76%
2021	524,790	524,790	-	57,450,972	0.91%
2020	472,251	472,251	-	56,472,408	0.84%
2019	467,946	467,946	-	56,555,660	0.83%
2018	448,462	448,462	-	54,281,936	0.83%

NOTES

This schedule will be expanded to show 10 fiscal years once information becomes available in the future.

OTHER SUPPLEMENTARY INFORMATION

CHAMBERSBURG AREA SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2024

Grantor Program Title	Source Code	Assistance Listing Number	Pass Through Grantor's Number	Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received for the Year	Receivable (Payable) at July 1, 2023	Revenue Recognized	Expenditures Recognized	Receivable (Payable) at June 30, 2024	Total Passed-Through to Subrecipients
U.S. Department of Education											
Impact Aid	D	84.041	N/A	N/A	N/A	\$ 738,124	\$ -	\$ 738,124	\$ 738,124	\$ -	\$ -
Total direct funds						738,124	-	738,124	738,124	-	-
Passed through Pennsylvania Department of Education											
ESEA Title I	I	84.010	013-24-0076	July 24, 2023 - September 30, 2024	2,748,070	1,465,637	-	1,918,266	1,918,266	452,629	-
ESEA Title I	I	84.010	013-23-0076	July 18, 2022 - September 30, 2023	2,621,470	1,410,059	456,056	954,003	954,003	-	-
Title I						2,875,696	456,056	2,872,269	2,872,269	452,629	-
ESEA Title II Part A	I	84.367	020-24-0076	July 24, 2023 - September 30, 2024	332,054	176,355	-	169,824	169,824	(6,531)	-
ESEA Title II Part A	I	84.367	020-23-0076	July 18, 2022 - September 30, 2023	310,131	65,621	(17,888)	81,658	81,658	(1,851)	-
ESEA Title II Part A	I	84.367	020-22-0076	July 29, 2021 - September 30, 2022	317,106	252	252	-	-	-	-
Title II						242,228	(17,636)	251,482	251,482	(8,382)	-
ESEA Title III	I	84.365	010-24-0076	July 24, 2023 - September 30, 2024	204,451	93,925	-	90,954	90,954	(2,971)	-
ESEA Title III	I	84.365	010-23-0076	July 18, 2022 - September 30, 2023	180,788	67,122	(1,539)	68,661	68,661	-	-
Title III						161,047	(1,539)	159,615	159,615	(2,971)	-
ESEA Title IV	I	84.424	144-24-0076	July 24, 2023 - September 30, 2024	205,733	94,954	-	108,027	108,027	13,073	-
ESEA Title IV	I	84.424	144-23-0076	July 18, 2022 - September 30, 2023	223,978	167,081	(56,897)	223,882	223,882	(96)	-
ESEA Title IV	I	84.424	144-22-0076	July 29, 2021 - September 30, 2023	227,610	30,354	24,941	5,413	5,413	-	-
Title IV						292,389	(31,956)	337,322	337,322	12,977	-
Education Stabilization Fund											
COVID-19 - ARP ESSER Homeless Children and Youth	I	84.425C	181-21-2074	July 1, 2021 - September 30, 2024	93,041	57,256	15,687	102,626	102,626	61,057	-
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER II)	I	84.425D	200-21-0076	March 13, 2020 - September 30, 2023	11,176,600	-	(18,171)	18,171	18,171	-	-
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER III)	I	84.425U	223-21-0076	March 13, 2020 - September 30, 2024	22,607,027	11,920,069	4,551,263	8,419,570	8,419,570	1,050,764	-
COVID-19 - Elementary and Secondary School Emergency Relief Fund ARP ESSER 7% Set-Asides	I	84.425U	225-21-0076	March 13, 2020 - September 30, 2024	1,757,074	251,010	(123,658)	333,564	333,564	(41,104)	-
COVID-19 - Elementary and Secondary School Emergency Relief Fund ARP ESSER 2.5% Neglected and Delinquent Institutions	I	84.425C	224-21-0076	March 13, 2020 - September 30, 2024	191,516	100,981	42,086	58,895	58,895	-	-
Total Education Stablization Fund						12,329,316	4,467,207	8,932,826	8,932,826	1,070,717	-
Passed through Lincoln Intermediate Unit											
Special Education Cluster (I.D.E.A.)											
I.D.E.A.	I	84.027	N/A	July 1, 2023 - June 30, 2024	2,057,113	2,057,113	-	2,057,113	2,057,113	-	-
I.D.E.A. - 619	I	84.173	N/A	July 1, 2023 - June 30, 2024	19,908	19,908	-	19,908	19,908	-	-
Total Lincoln Intermediate Unit						2,077,021	-	2,077,021	2,077,021	-	-
Total Special Education Cluster						2,077,021	-	2,077,021	2,077,021	-	-
Special Education Grants to States											
Passed through Montgomery County Intermediate Unit 23											
PaTTAN	I	84.323A	N/A	July 1, 2022 - June 30, 2023	10,000	-	(7,993)	5,933	5,933	(2,060)	-
Total Montgomery County Intermediate Unit 23						-	(7,993)	5,933	5,933	(2,060)	-
Total U.S. Department of Education						\$ 18,715,821	\$ 4,864,139	\$ 15,374,592	\$ 15,374,592	\$ 1,522,910	\$ 15,374,592

CHAMBERSBURG AREA SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2024

Grantor Program Title	Source Code	Assistance Listing Number	Pass Through Grantor's Number	Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received for the Year	Receivable (Payable) at July 1, 2023	Revenue Recognized	Expenditures Recognized	Receivable (Payable) at June 30, 2024	Total Passed-Through to Subrecipients
Federal Communications Commission											
Passed through Universal Service Administrative Company											
Emergency Connectivity Fund	I	32.009	ECF202107296	July 1, 2021 - June 30, 2023	427,434	\$ 43,644	\$ 43,644	\$ -	\$ -	\$ -	\$ -
Total Federal Communications Commission											
U.S. Department of Agriculture											
Child Nutrition Cluster											
Passed through Pennsylvania Department of Education											
School Breakfast Program	I	10.553	N/A	July 1, 2023 - June 30, 2024	N/A	1,149,538	-	1,149,538	1,149,538	-	-
National School Lunch Program	I	10.555	N/A	July 1, 2023 - June 30, 2024	N/A	3,870,902	-	3,870,902	3,870,902	-	-
COVID-19 Supply Chain Assistance	I	10.555	N/A	July 1, 2023 - June 30, 2024	N/A	243,385	-	243,385	243,385	-	-
						4,114,287	-	4,114,287	4,114,287	-	-
National School Lunch Program	I	10.559	N/A	July 1, 2022 - June 30, 2023	N/A	55,712	55,712	-	-	-	-
Lunch Program	I	10.559	N/A	July 1, 2023 - June 30, 2024	N/A	18,751	-	39,642	39,642	20,891	-
Summer Food	I	10.559	N/A	July 1, 2022 - June 30, 2023	N/A	6,681	-	15,977	15,977	9,296	-
School Breakfast Program	I	10.559	N/A	July 1, 2023 - June 30, 2024	N/A	19,902	19,902	-	-	-	-
COVID-19 After School Snack	I	10.559	N/A	July 1, 2022 - June 30, 2023	N/A	300	300	-	-	-	-
After School Snack	I	10.559	N/A	July 1, 2023 - June 30, 2024	N/A	30,131	-	30,131	30,131	-	-
						131,477	75,914	85,750	85,750	30,187	-
Passed through the Pennsylvania Department of Agriculture											
National School Lunch Program (commodities)	I (B)	10.555	N/A	July 1, 2022 - June 30, 2023	N/A	466,005	-	466,005	466,005	-	-
Total National School Lunch Program						466,005	-	466,005	466,005	-	-
Total Child Nutrition Cluster						5,861,307	75,914	5,815,580	5,815,580	30,187	-
Passed through the Pennsylvania Department of Education											
P-EBT Local Admin Funds	I	10.649	N/A	July 1, 2023 - June 30, 2024	N/A	8,995	-	8,995	8,995	-	-
Total U.S. Department of Agriculture						5,870,302	75,914	5,824,575	5,824,575	30,187	-
Total U.S. Department of Education						5,404,297	75,914	5,358,570	5,358,570	30,187	-
U.S. Department of Public Welfare											
Passed through Pennsylvania Department of Health and Human Services											
Medical Assistance	I	93.778	N/A	July 1, 2023 - June 30, 2024	N/A	20,049	-	48,781	48,781	28,732	-
Medical Assistance	I	93.778	N/A	July 1, 2022 - June 30, 2023	N/A	20,551	20,551	-	-	-	-
Medical Assistance						40,600	20,551	48,781	48,781	28,732	-
Total U.S. Department of Public Welfare						40,600	20,551	48,781	48,781	28,732	-
Total Expenditures of Federal Awards						\$ 24,670,367	\$ 5,004,248	\$ 21,247,948	\$ 21,247,948	\$ 1,581,829	\$ -

CHAMBERSBURG AREA SCHOOL DISTRICT
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

NOTE 1 REFERENCES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

- (D) Direct Funding
- (I) Indirect Funding
- (B) Based on USDA valuation

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The schedule of expenditures of federal awards is presented using the accrual basis of accounting, which conform to generally accepted governmental accounting principles. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable. Revenues designated for payment of specific School District expenditures are recognized when the related expenditures are incurred. Any excess of revenues or expenditures at the fiscal year end is recorded as accounts payable or a receivable, respectively.

Indirect Cost Rate

The School District has elected to not use the 10% de minimis indirect cost rate for its federal programs.

**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 Directors
Chambersburg Area School District
Chambersburg, 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 Chambersburg Area School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Chambersburg Area School District's basic financial statements, and have issued our report thereon dated February 27, 2025.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

REPORT ON COMPLIANCE AND OTHER MATTERS

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

PURPOSE OF THIS REPORT

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

Smith Elliott Kearns + Company, LLC

Chambersburg, Pennsylvania
February 27, 2025

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

Board of Directors
Chambersburg Area School District
Chambersburg, Pennsylvania

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management of Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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.

Smith Elliott Kearns + Company, LLC

Chambersburg, Pennsylvania
February 27, 2025

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

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiencies identified? ☐ Yes ☒ None Reported

Noncompliance material to financial statements noted?

☐ Yes ☒ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiencies identified? ☐ Yes ☒ 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 2 CFR Section 200.516? ☐ Yes ☒ No

Identification of the major programs:

Assistance Listing Number(s)	Name of Federal Program
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs

\$ 750,000

Auditee qualified as low-risk auditee?

☐ Yes ☒ No

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

Section II - Financial Statement Findings

A. Significant Deficiencies or Material Weaknesses in Internal Control

None noted

B. Compliance Findings

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

Section III - Federal Award Findings and Questioned Costs

A. Significant Deficiencies or Material Weaknesses in Internal Control over Compliance and Compliance

None noted

B. Compliance Findings

There were no compliance findings related to the major federal awards as required to be reported in accordance with the Uniform Guidance by 2 CFR Section 200.516.



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Summary Schedule of Prior Audit Findings Year Ended June 30, 2024

Findings related to financial statements:

None

Findings related to federal awards:

None