Audited Financial Statements

June 30, 2023

Big Spring School District

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INDEPENDENT AUDITOR'S REPORT

Board of School Directors
Big Spring School District
Newville, 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 Big Spring School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the 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 the Big Spring School District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental 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 Big Spring 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, for the year ended June 30, 2023 the School District adopted new accounting guidance, *GASBS No. 96, Subscription-Based Information Technology Arrangements.* Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Big Spring 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 Big Spring 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 Big Spring 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 16, the budgetary comparison schedule on page 63, and pension and OPEB schedules on pages 64 through 68 be presented to supplement the basic financial statements. Such information, 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 response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Big Spring 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 (CFR), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and is also 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 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

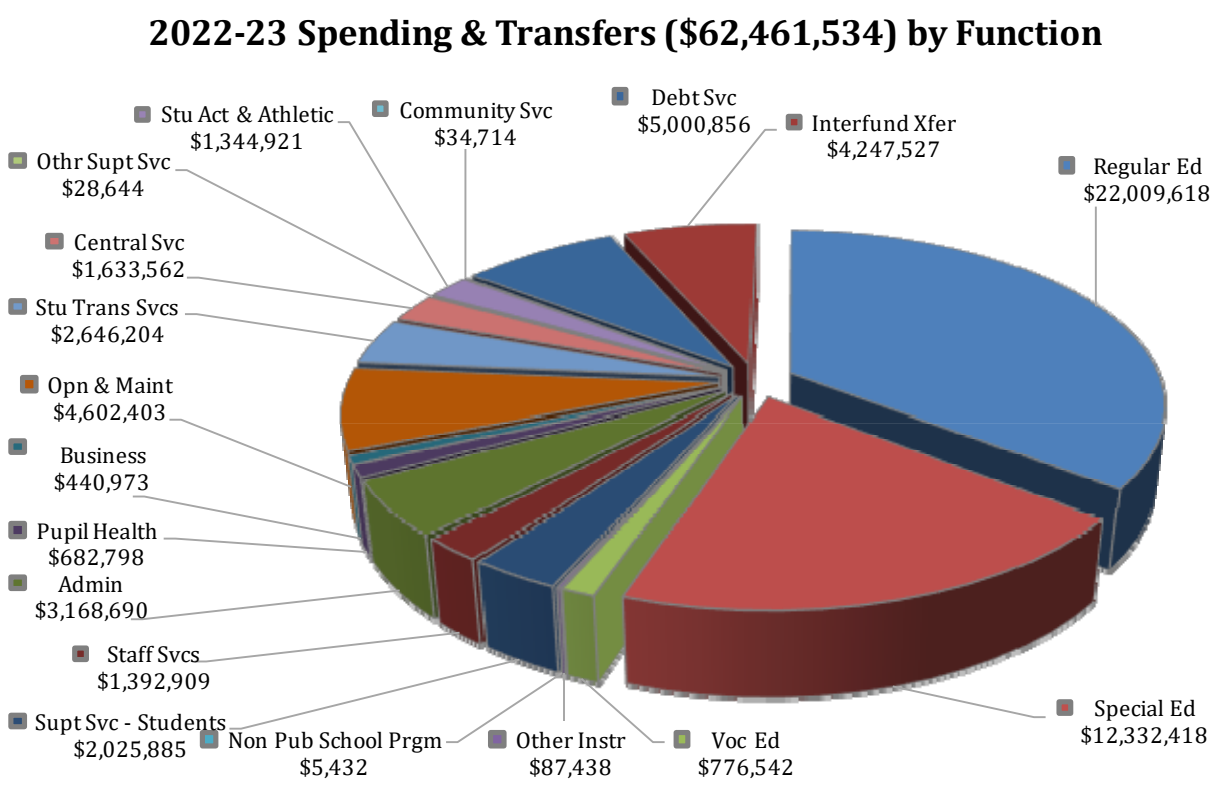
In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2024, on our consideration of Big Spring School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant 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 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 Big Spring School District's internal control over financial reporting and compliance.

Smith Elliott Kearns & Company, LLC

Chambersburg, Pennsylvania
February 14, 2024

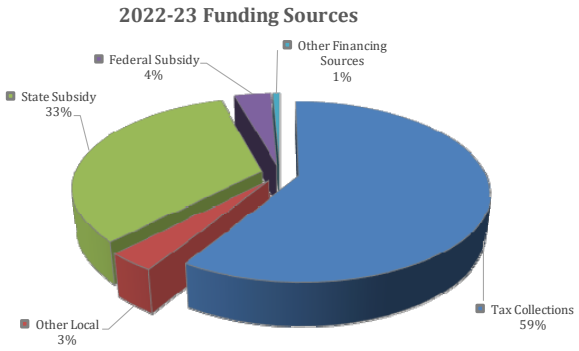
This discussion and analysis provides an overview of the School District's financial performance for the year ending June 2023. The report format is in accordance with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Management's Discussion and Analysis (MD&A) includes comparisons of financial position at June 30, 2023 and 2022. The MD&A also includes comparisons of current year financial activities to the previous year. The 2022 amounts come from our prior year MD&A and are otherwise not a part of the June 2023 financial statements. Please read our discussion and analysis in conjunction with the School District's financial statements, which begin on page 17. To preserve readability, dollar amounts in comparative tables derived from the financial statements are presented in millions. Some amounts may not add due to rounding.

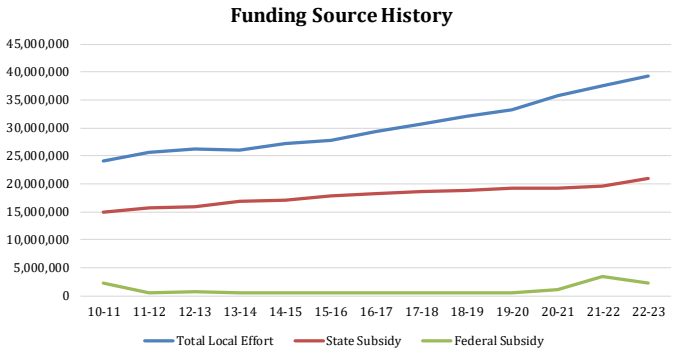
FINANCIAL HIGHLIGHTS



General Fund revenues increased 3.5% from $ 60,633,154 in 2021-22 to $ 62,736,517 in 2022-23; expenditures and other uses (sources) increased from $ 57,381,945 in 2021-22 to $ 62,461,534 in 2022-23, or 8.9% from the prior year. Included in that total, the School District transferred $ 4,200,000 from the General Fund to the Capital Project Reserve Fund and $ 47,527 from the General Fund to the Food Service Fund. At year end, the School District added $ 693,609 to fund balance. The general fund balance at June 30, 2023 was $ 16,483,569. Of that total, $ 2,985,690 is prepaid employee health insurance, $ 554,000 is committed for PSERS expense and $ 8,522,221 is assigned for various uses, including PSERS, healthcare, special education, security, mental health and technology, leaving an unassigned balance of $ 4,421,658. The General Fund unassigned balance is 7.0% of the $ 62,990,337 contained in the 2023-24 Budget – under the 8% maximum required under state law.

The funding source graphs below show the trend of increasing dependence on local taxes and decreasing subsidy support from both the State and Federal Department of Education. Local effort continues to be the biggest portion of the revenue pie; in 2006-07 it was 53% of revenues and this year it is 62% of revenues. In 2010-11 the Federal portion of total revenue was 6% due to American Recovery and Reinvestment Act (ARRA) funding. Ten years later, in 2022-23, Federal revenue is the lower than the pre-ARRA 4% of total revenues. The Commonwealth's contribution was 34% in 2022-23, down from 32% in 2021-22.





Going forward, the uncertainty of medical expense and increasing PSERS rates creates a challenge for the School District. As the Commonwealth struggles to meet their obligation of 50% subsidy of the PSERS contributions, the School District absorbs the full cost of healthcare plus its share of the PSERS payment.

Overall taxes levied increased from $ 35,790,388 in 2021-22 to $ 37,130,768 in 2022-23. EIT revenue increased from $ 5,928,471 in 2021-22 to $ 6,483,489 in 2022-23. Investment income in the General Fund decreased from $ 22,010 in 2021-22 to $ 873,508. The increase was attributed to favorable investment rates within the District's accounts. School

After transfers in and payables, the Capital Reserve Fund increased from $ 11,131,403 at June 30, 2022 to $ 14,473,158 at June 30, 2023. During 2022-23 the School District initiated a number of projects with the Capital Projects Fund, the district-wide security camera system and engineering for $ 198,697, Newville gym door for $23,834, School District switch and Wi-Fi project for $ 198,499, door access control system for $599,917, update cat6 network cabling and servers at the High School for $ 341,600, domestic hot water heater at the high school for $ 68,750 and bells, clocks, and intercom systems at the High School for $ 99,588.

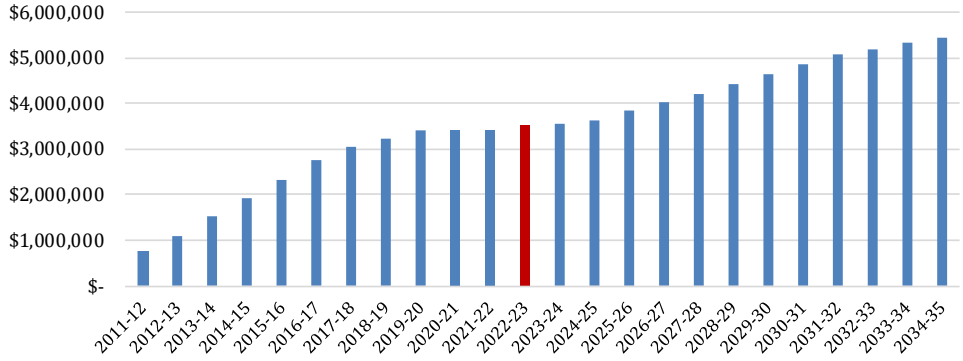
On February 22, 2022, the Board and the Big Spring Education Association signed a new collective bargaining agreement maintaining the high deductible health plan with its included Health Savings Account as of July 1, 2022 through June 30, 2027.

The School District self-funds its healthcare using the South Central Trust (SCT). The net balance in the trust slightly increased from $ 2,939,103 on June 30, 2022 to $ 2,985,690 on June 30, 2023.

Actual healthcare expense was $ 3,359,231 in 2021-22 and increased to $ 3,927,060 in 2022-23. While 2019-20 premiums decreased -- for the fourth year in a row – by 2.33%, that trend did not continue into 2020-21 as premiums increased 5.75% to meet the rising experience. Premiums significantly increased by 25.23% in 2021-22, due to continued rising experience. In 2022-23, premiums remained the same, due to positive claims during the prior year. In 2023-24, premiums increased by 10%, due to an influx of high claimants.

The School District continues under the restrictions of Act 1 which limits future increases in the School District's real estate taxes and displaces a selected amount of local real estate taxes with gaming funds. The School District was allotted gaming funds in the amount of $ 971,185 in 2022-23, a significant increase of $ 194,606 from the $ 776,579 allocated in 2021-22. The increase was due to the Commonwealth's increase in investment in the program. These funds were distributed in equal amounts to each qualified taxpayer of $ 170.83 per homestead/farmstead.

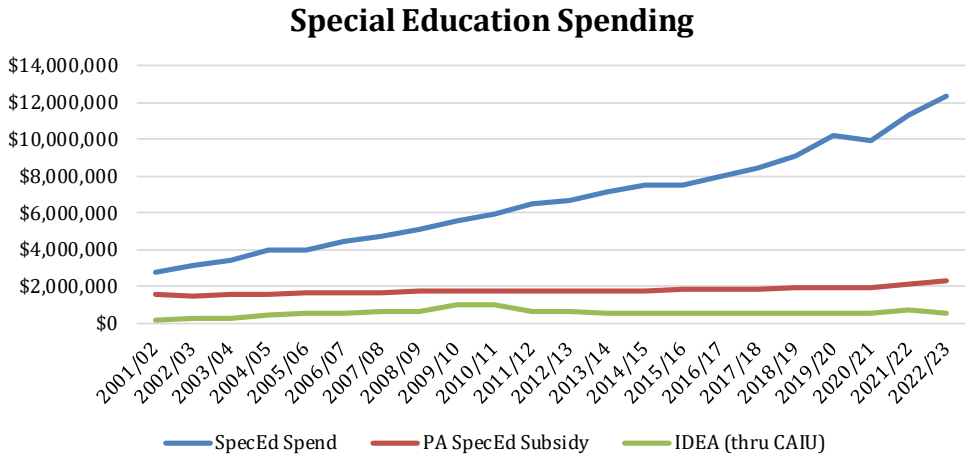
BSSD Share of PSERS
After Commonwealth PSERS Subsidy



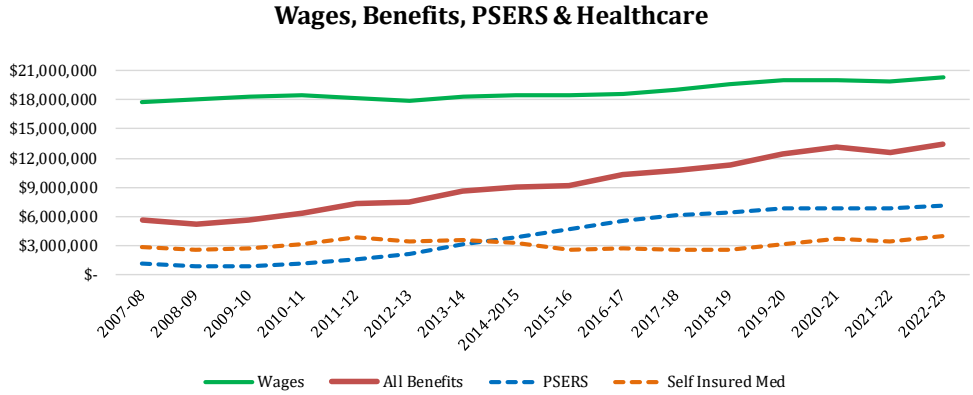
In November 2010 Act 120 reformed the PA State Employees Retirement System (PSERS) by implementing steep increases in employer contributions. As shown below, BSSD's total PSERS payment shot up from $ 1,543,501 in 2011-12 to $ 7,063,512 in 2022-23 with the Commonwealth returning approximately half that as a PSERS subsidy payment.

The steep rise in PSERS retirement contributions is remarkable as increases of this magnitude will continue into the foreseeable future. With a corresponding trend increase in healthcare and continued pressure on wages, it is not apparent how the School District, or other subsidy dependent School Districts in Pennsylvania, will survive without some governmental leadership.

This School District is also squeezed by the continuously increasing cost of Special Education services. Over the last eight years, special education has increased at an average of 7.6% per year. The 2022-23 fiscal year saw a 13.6% increase in special education net expense. In contrast, the PDE/State subsidy did increase by only 7.8%. The School District continues to struggle with increasing demands from families, the courts, and widening mandates from both the state and federal level. The expanding mandates contrast dramatically with flat funding from the Commonwealth and the minimal Federal IDEA program (see red line in chart at below).



The chart below shows the relationship between wages and benefits for the budget dollar. Due to the quickly rising cost of retirement contributions, the uncertain future of healthcare and the unknown of the continued inflation, the School District continues to restrain spending in other areas in order to offset personnel expenses.



USING THESE FINANCIAL STATEMENTS –

This report contains a series of financial statements. The Statement of Net Position and the Statement of Activities are on pages 17 and 18. These statements provide information about the School District as a whole and present a longer-term view of School District finances than fund financial statements. Fund financial statements are on pages 19, 21, and 23 through 27. For governmental funds, the statements show how School District services have been financed in the short-term, as well as the amount remaining for future spending. Proprietary fund statements provide information about non-governmental operations, in this case food service. The fiduciary funds statement reports amounts held in trust by the School District for student activities.

Page 20 reconciles total governmental fund balances to total net position of governmental activities. Page 22 reconciles the total net change in governmental fund balances to the change in net position of governmental activities.

District–Wide Financial Statements

District-wide statements present financial activities and the results of those activities in two categories, governmental and business-type. Capital assets (land, buildings, improvements, furniture and equipment) are included with all other assets. Long-term debt is included with all other liabilities. Also included are the net pension liability, and related deferred outflows and inflows of resources. This is distinctly different from the fund statements in which assets and liabilities are separated into various funds such as General and Capital Reserve.

In the district-wide statements, the approach to measurement of revenues and expenses is similar to that used in the private sector and is referred to as the accrual basis of accounting. This is disclosed further in the notes to financial statements.

Fund Financial Statements

Fund statements provide financial information about the School District's funds rather than the School District as a whole. There are three types of funds, Governmental, Proprietary and Fiduciary. The use of each type of fund is disclosed in the notes to financial statements. Unlike District-wide statements that report revenues on the accrual basis, the fund statements report revenues only to the extent cash has been received or is expected to be received in the near future.

THE SCHOOL DISTRICT AS A WHOLE

Statement of Net Position

Net position (deficit) equals total assets plus deferred outflows of resources less liabilities and deferred inflow of resources and represents resources that may be used to pay for future operations and capital assets.

The School District's total net position was a surplus of $ 2.1 million on June 30, 2023 and a deficit of $ 5.8 million on June 30, 2022. The June 2022 deficit result from the requirement to include pension

related debt of $ 57.6 million and a $ 7.5 million other postemployment benefits liability, as a result of the adoption of GASB 68 as of July 1, 2017. The following summarizes the Statement of Net Position (page 17).

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Current and other assets	$ 46.8	$ 34.4	$ 1.2	$ 1.0	$ 48.0	$ 35.4
Capital assets	68.2	67.1	0.8	0.8	69.0	67.9
Total assets	115.0	101.5	2.0	1.8	116.9	103.2
Deferred outflows for OPEB	1.9	1.2	0.0	0.0	1.9	1.2
Deferred outflows for pension	8.7	10.0	0.0	0.0	8.8	10.0
Deferred outflows for bond refunding	0.0	0.0	0.0	0.0	0.0	0.0
Total deferred outflows of resources	$ 10.6	$ 11.2	$ 0.0	$ 0.0	$ 10.6	$ 11.2
Current and other liabilities	$ 11.2	$ 10.5	$ 0.0	$ 0.1	$ 11.2	$ 10.6
Long-term liabilities	104.6	95.9	0.1	0.1	104.7	96.0
Total liabilities	115.8	106.4	0.1	0.2	115.9	106.6
Deferred inflows for OPEB	3.2	1.5	0.0	0.0	3.2	1.5
Deferred inflows for pension	4.2	10.6	0.0	0.0	4.2	10.6
Deferred inflows for bond refunding	0.2	-	0.0	0.0	0.2	-
Total deferred inflows of resources	7.6	12.0	0.0	0.0	7.6	12.0
Capital assets (net of related debt)	32.7	32.7	0.8	0.8	33.5	33.5
Restricted for capital projects	14.5	11.1	0.0	0.0	14.5	11.1
Unrestricted	(45.0)	(49.6)	1.1	0.8	(43.9)	(48.8)
Total net position	$ 2.1	$ (5.8)	$ 1.9	$ 1.6	$ 4.0	$ (4.2)

Beginning July 1, 2014, the School District is required to report the net pension liability, pension expense, and deferred outflows and inflows of resources related to pensions. This new Governmental Accounting Standards Board Statement 68 (GASB 68) requirement significantly and negatively affects the Net Position (Deficit) of the School District's financial statements beginning with 2014-15 and continuing this year.

Statement of Activities

The following summarizes the Statement of Activities (page 18). It shows that total net position increased by $ 8,203,928 in 2023 and $ 8,178,575 in 2022.

	Governmental Activities		Business-type Activities		Totals	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Program revenues						
Charges for services	$ 0.8	$ 0.8	$ 0.7	$ 0.3	$ 1.5	$ 1.1
Operating grants and contributions	11.6	12.3	1.2	1.8	12.8	14.1
Capital grants and contributions	0.5	0.5	0.0	0.0	0.5	0.5
General revenues						
Taxes	37.1	35.9	0.0	0.0	37.1	35.9
Earnings on investments	1.1	0.0	0.0	0.0	1.1	0.0
General subsidies	11.9	10.8	0.0	0.0	11.9	10.8
Miscellaneous income	0.0	0.1	0.0	0.0	0.0	0.1
Total revenues	**63.0**	**60.6**	**2.0**	**2.1**	**64.9**	**62.6**
Direct expenses	**55.0**	**52.9**	**1.7**	**1.6**	**56.7**	**54.5**
Excess revenues (expenses) before transfers	8.0	7.7	0.2	0.5	8.2	8.2
Transfers between activities	(0.0)	(0.0)	0.0	0.0	0.0	0.0
Change in net position	**$ 7.9**	**$ 7.7**	**$ 0.3**	**$ 0.5**	**$ 8.2**	**$ 8.2**

The change in net position is the difference between revenues and expenses using the accrual basis of accounting.

The following summarizes expense information from the Statement of Activities (page 18). Direct expenses represent the actual cost of providing the services while the net expense represents the amount of cost that is not recovered through program revenues, meaning user charges, grants and contributions. The net expense must be recovered through general revenues, primarily taxes and state general subsidies. Amounts not recovered reduce funds available for future years.

	Governmental Activities					
	Direct Expenses		Program Revenues		Net Expense	
	2023	2022	2023	2022	2023	2022
Instruction	$ 35.7	$ 33.9	$ 8.8	$ 9.3	$ 26.9	$ 24.7
Instructional student support	4.5	4.3	0.9	1.1	3.6	3.1
Administrative and financial support	5.2	4.5	0.5	0.5	4.8	4.0
Operation and maintenance of plant	4.6	5.0	0.5	0.6	4.1	4.5
Pupil transportation	2.8	3.0	1.5	1.4	1.3	1.5
Student activities	1.3	1.2	0.2	0.2	1.1	1.0
Community services	0.0	0.0	0.0	0.0	0.0	0.0
Interest on long-term debt	0.8	0.9	0.5	0.5	0.3	0.4
Total	$ 55.0	$ 52.9	$ 12.8	$ 13.7	42.2	39.2
Total governmental activities					42.2	39.2
State general subsidies revenues					11.9	10.8
Total needs from taxes and other local sources					$ 30.3	$ 28.4

	Business-type Activities					
	Direct Expenses		Program Revenues		Net Expense	
	2023	2022	2023	2022	2023	2022
	$ 1.7	$ 1.6	$ 1.9	$ 2.1	$ 0.2	$ 0.5
					$ 0.2	$ 0.5

THE SCHOOL DISTRICT'S FUNDS

Governmental Funds – Fund Balances

Governmental Funds - Fund Balances

	2023	2022	Change
General fund - nonspendable	$ 3.0	$ 2.9	$ 0.0
General fund - committed	0.6	0.6	-
General fund - assigned	8.5	7.9	0.6
General fund - unassigned	4.4	4.4	0.1
Capital reserve fund - restricted	14.5	11.1	3.3
Capital projects fund - restricted	7.8	-	7.8
Governmental fund balances	$ 38.7	$ 26.9	$ 11.8
Total nonspendable	$ 3.0	$ 2.9	$ 0.0
Total restricted	22.2	11.1	11.1
Total committed	0.6	0.6	-
Total assigned	8.5	7.9	0.6
Total unassigned	4.4	4.4	0.1
Total governmental funds	$ 38.7	$ 26.9	$ 11.8

Changes from 2022 to 2023

The general fund balance saw an increase from $ 15,789,960 in 2021-22 to $ 16,447,226 in 2022-23 in total fund balance. The 2022-23 activity included a $ 4,200,000 transfer to Capital Reserve for future capital improvements. Nonspendable fund balance increased slightly due to the health insurance claims remaining flat during the 2022-23 fiscal year.

General Fund Balance

Balance at June 30, 2022	**$ 4,373,711**	**$ 2,939,103**	**$ 7,923,146**	**$ 554,000**	**$ 15,789,960**
	Unassigned	**Nonspendable**	**Assigned**	**Committed**	**Total**
General Fund Balance	$ 4,421,658	$ -	$ -	$ -	$ 4,421,658
Employee Health Insurance	-	2,985,690	-	-	2,985,690
Subsequent year budgeted use of fund balance	-	-	521,348	-	521,348
PSERS	-	-	650,000	554,000	1,204,000
Healthcare	-	-	750,000	-	750,000
Technology	-	-	2,300,000	-	2,300,000
Healthcare Requirements	-	-	390,446	-	390,446
Projects		-	2,360,427	-	2,360,427
Special Education	-	-	550,000	-	550,000
SIS/FIS Software	-	-	200,000	-	200,000
Safety/Security/SRO	-	-	400,000	-	400,000
Student Svcs and Mental Health	-	-	400,000	-	400,000
Balance at June 30, 2023	**$ 4,421,658**	**$ 2,985,690**	**$ 8,522,221**	**$ 554,000**	**$ 16,483,569**

Changes from 2022 to 2023

The general fund balance saw an increase from $ 15,789,960 in 2021-22 to $ 16,483,569 in 2022-23 in total fund balance. The 2022-23 activity included a $ 4,200,000 transfer to Capital Reserve for future capital improvements. Assigned fund balance placed $ 260,427 to fully fund a future Career Tech Center project to help minimize the financial impact of future budgets. Nonspendable fund balance slightly increased due to health insurance claims staying relatively flat during the 2022-23 fiscal year.

The following summarizes the budgetary comparison information presented on page 63, along with comparisons to the previous year.

General Fund Budget

	Final Budget		Actual Amount		Variance	
	2023	2022	2023	2022	2023	2022
Total revenues	$ 59.4	$ 56.2	$ 62.7	$ 60.6	$ 3.4	$ 4.4
Total expenditures	59.2	55.6	58.2	55.3	1.0	0.3
Excess revenues (expenditures)	0.2	0.6	4.5	5.3	4.4	4.7
Other financing sources (uses)	(0.4)	(0.6)	(3.8)	(1.8)	(3.5)	(1.2)
Net change in fund balance	$ (0.2)	$ -	$ 0.7	$ 3.5	$ 0.9	$ 3.5

In 2023 actual revenues exceeded expenditures by $ 693,609. At year end, actual expenditures were $ 987,063 under the final budgeted amount. Contrary to prediction with inflation and economy concerns, actual revenues were $ 3,368,147 more than budgeted amount. In the prior year (2022) actual revenues exceeded the actual expenditures by $ 4,407,916.

Under the modified accrual basis of accounting, the School District considers taxes unavailable to be recognized as revenue unless they are received within 2 months after the fiscal year. The School District's unavailable tax revenue (deferred inflow) was $ 1.3 million at June 2023 and June 2022.

CAPITAL ASSETS

During 2022-23 the School District purchased $ 5.3 million in capital assets.

	Capital Assets (Net of Depreciation)		
	2023	2022	Change
Governmental activities			
Land	$ 0.9	$ 0.9	$ -
Construction in progress	4.4	1.1	3.33
Buildings and improvements	57.9	60.8	(3.0)
Furniture and equipment	1.5	1.4	0.2
Technology equipment	3.1	2.9	0.1
Right-to-use equipment	0.4	0.2	0.2
Right-to-use subscriptions	0.1	-	0.1
	$ 68.2	$ 67.1	$ 1.1
Business-type activities			
Furniture and equipment	$ 0.8	$ 0.8	$ 0.0

Capital assets in the governmental activities were $ 68.2 million at June30, 2023, $ 67.2 million at June 30, 2022, $ 69.8 million at June 30, 2021, $ 72.5 million at June 30, 2020, and $ 70.2 million at June 30,2019. In 2023 the School District purchased more than $ 4.6 million in capital assets against $ 4.0 million in depreciation resulting in an increase of $ .6 million in capital assets. In 2022 the School District purchased more than $ 2.0 in capital assets against $ 4.1 million in depreciation resulting in a decrease of $ 5.4 million in capital assets. In 2021 the School District purchased more than $ .4 million in capital assets against $ 3.0 million in depreciation resulting in a decrease of $ 2.6 million in capital assets. In 2020 the School District purchased more than $ 18.3 million in assets against $ 3.4 million in depreciation resulting in an increase of $ 14.9 million in capital assets. In 2019 the School District purchased more than $ 11.8 million in assets against $ 3.2 million in depreciation resulting in an increase of $ 8.6 million in capital assets.

LONG-TERM LIABILITIES

The following summarizes the long-term liabilities note to financial statements (starting at page 44). Most of the debt is general obligation bonds and notes issued to pay for capital improvements. The School District's ability to raise future funds through the issuance of debt depends on how existing bonds are rated by the investment community.

	2023	2022	Change
Governmental activities			
General obligation bonds and notes	$ 38.8	$ 29.4	$ 9.4
Bond premiums	2.7	0.5	2.2
Compensated absences	0.7	0.8	(0.1)
NET OPEB Liability	7.0	7.5	(0.4)
Net pension liability	59.2	57.6	1.6
Total liabilities	$ 108.5	$ 95.8	$ 12.6

Each year the School District pays interest on the debt and a portion of the outstanding bonds and notes, referred to as redemption. In 2022-23 the School District paid $ 4,620,800 in regular debt payments. During 2021-22 the School District made regularly scheduled payments of $ 4,619,398 and $ 4,507,637 in 2020-21.

On June 5, 2023 the School District closed on a $ 18,860,000 bond. The bond included new money of $ 11,500,000 for an ESCO project and $ 7,360,000 of bond refinance of the 2018 bond. The Standard & Poor's rating for the issue was again AA-/Stable.

Other post-employment benefits (OPEBs) has to do with purchasing discounted health insurance after retirement through the School District. The School District's July 2023 actuarial accrued liability of $ 7.0 million, including deferred inflows and outflows, is being amortized over a period of 30 years. Additional OPEB detail is available starting at page 47 of the notes.

GASB 68 requires the School District to report its pension related items. The net pension liability, including deferred outflows and inflows, was $ 57.6 million at June 2022 and was reduced to $ 59.2 million at June 30, 2023. Effective July 1, 2017 the School District is now required to report the entire other postemployment benefits (OPEB) liability, OPEB expense and deferred outflows and deferred inflows of resources related to other postemployment benefits. GASB No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," had additional negative effect of the net position of the School District's financial statements beginning in the year ended June 30, 2018.

NEXT YEAR'S BUDGET AND OTHER FACTORS

	Original Budget		
	2024	**2023**	**Change**
Total revenue	$ 62.1	$ 59.4	$ 2.7
Total expenditures and other uses	62.6	59.6	3.0
Excess revenues (expenditures)	$ (0.5)	$ (0.2)	$ (0.3)

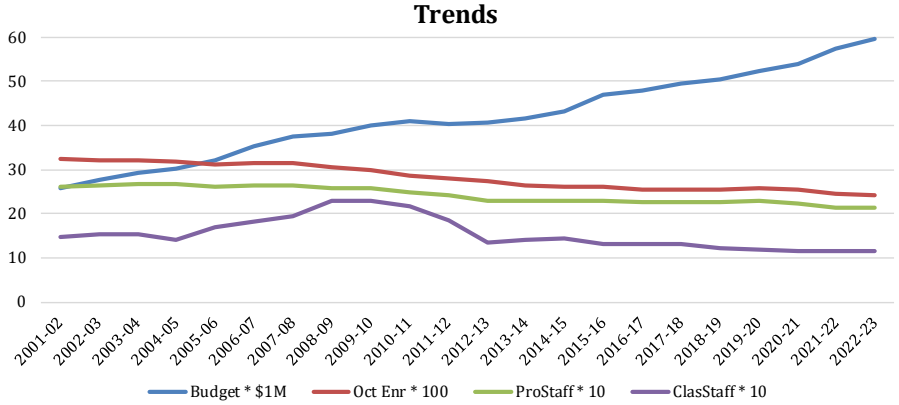
The Big Spring School District maintained its commitment to its educational programs for students. In June 2023 the Board approved a budget of $ 62,590,337 to cover the increasing costs of salary, PSERS and medical benefits along with spikes in charter tuition and special education programs. These expenditures do not match the total budgeted revenue, resulting in pulling $521,347 from unassigned fund balance.

The 2023-24 budget is a $ 3,039,267 or 3.0% increase in expenditures over the 2022-23 budget of $ 59,551,070.

The 2023-24 revenue budget was $ 62,068,990 versus the 2022-23 amount of $ 59,368,370 or an increase of $ 2,700,620. Even with a 2.70% increase, the budget saw a shortfall of $ 521,347.

The Commonwealth continues to struggle with any meaningful increase in basic education funding due to the increasing cost of retirement contributions (they pay half). In addition, the School District continues to expand services for special needs students with minimal additional state funding.

Looking ahead, the near-term challenge for the School District continues to be reliable Commonwealth funding given the weight of pension debt. The new funding formula will be a continuing challenge for the School District as its budgets depended on the old hold harmless funding process. The School District hasn't raised taxes to the index in the last 7 years and it appears that will be the case for the 2024-25 budget. The longer-term challenge for the School District is captured in the graph below. To help balance the budget for 2023-24. Any increased enrollment will put pressure on the School District to increase staffing along with the PSERS penalty that goes with any increase – just as the state funding formula reduces the School District's share of state subsidy. The Board and administration remain vigilant on holding down costs; however, the budget continues to grow largely as a result of the increasing cost of salaries, pension payments and tuition payments related to special education and cyber-charter tuition.



Despite the many challenges of an enrollment increase coupled with the mandated increases in PSERS, special education and cyber-charters, the School District stands committed to ensuring the best opportunities for students. The 2024-25 budget balances the requirement to protect essential programs versus tax increases in the time of economic challenges.

CONTACTING THE SCHOOL DISTRICT FINANCIAL MANAGEMENT

The School District's financial report is intended to provide the readers with a general overview of the School District's finances and to show the Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact the School District office of Big Spring School District, 45 Mount Rock Road, Newville, PA 17241, (717) 776-2000.

BIG SPRING SCHOOL DISTRICT
Statement of Net Position
June 30, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and cash equivalents	$ 32,701,425	$ 1,054,334	$ 33,755,759
Investments	6,443,872	-	6,443,872
Receivables			
Taxes	2,238,795	-	2,238,795
Intergovernmental	2,401,349	5,827	2,407,176
Other	79,049	27,361	106,410
Internal balances	(52,299)	52,299	-
Prepaid expenses	2,985,690	-	2,985,690
Inventories	-	29,806	29,806
Total current assets	46,797,881	1,169,627	47,967,508
Noncurrent Assets			
Capital assets not being depreciated/amortized			
Land	899,408	-	899,408
Construction in progress	4,390,982	-	4,390,982
Capital assets net of accumulated depreciation/amortization			
Buildings and building improvements	57,854,569	-	57,854,569
Furniture and equipment	1,511,350	797,686	2,309,036
Technology equipment	3,075,395	-	3,075,395
Right-to-use asset - equipment	383,882	-	383,882
Right-to -use-asset-subscriptions	54,084	-	54,084
Total noncurrent assets	68,169,670	797,686	68,967,356
Total assets	114,967,551	1,967,313	116,934,864
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension liability	8,733,566	22,307	8,755,873
Deferred outflows related to OPEB liability	1,858,063	1,295	1,859,358
Total deferred outflows of resources	10,591,629	23,602	10,615,231
Total assets and deferred outflow of resources	$ 125,559,180	$ 1,990,915	$ 127,550,095
LIABILITIES			
Current liabilities			
Accounts payable	$ 2,300,106	$ 15,603	$ 2,315,709
Accrued salaries and benefits/withholdings	4,443,580	-	4,443,580
Accrued interest	258,689	-	258,689
Portion due or payable within one year			
General obligation bonds payable	3,878,016	-	3,878,016
Lease and subscription-based assets obligations	209,106	-	209,106
Compensated absences	94,324	-	94,324
Total current liabilities	11,183,821	15,603	11,199,424
Noncurrent liabilities			
Portion due or payable after one year			
General obligation bonds payable	37,600,056	-	37,600,056
Lease and subscription-based assets obligations	216,437	-	216,437
Compensated absences	636,833	-	636,833
Net pension liability	59,142,349	76,669	59,219,018
OPEB liability	7,037,074	3,174	7,040,248
Total noncurrent liabilities	104,632,749	79,843	104,712,592
Total liabilities	115,816,570	95,446	115,912,016
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension liability	4,168,788	5,390	4,174,178
Deferred inflows related to OPEB liability	3,224,170	999	3,225,169
Deferred charge on bond refunding	202,572	-	202,572
Total deferred inflows of resources	7,595,530	6,389	7,601,919
NET POSITION			
Net investment in capital assets	32,671,886	797,686	33,469,572
Restricted	14,473,158	-	14,473,158
Unrestricted	(44,997,964)	1,091,394	(43,906,570)
Total net position	2,147,080	1,889,080	4,036,160
Total liabilities and net position	$ 125,559,180	$ 1,990,915	$ 127,550,095

BIG SPRING SCHOOL DISTRICT
Statement of Activities
June 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental activities							
Instruction	$ 35,706,121	$ 681,686	$ 8,089,344	$ -	$ (26,935,091)	$ -	$ (26,935,091)
Instructional student support	4,542,613	-	902,374	-	(3,640,239)	-	(3,640,239)
Administrative and financial support services	5,226,876	-	476,838	-	(4,750,038)	-	(4,750,038)
Operation and maintenance of plant services	4,589,382	-	462,339	-	(4,127,043)	-	(4,127,043)
Pupil transportation	2,820,148	-	1,473,534	-	(1,346,614)	-	(1,346,614)
Student activities	1,325,829	70,859	170,538	-	(1,084,432)	-	(1,084,432)
Community services	37,088	-	3,250		(33,838)		(33,838)
Interest expense	751,327	-	-	489,996	(261,331)	-	(261,331)
Total governmental activities	54,999,384	752,545	11,578,217	489,996	(42,178,626)	-	(42,178,626)
Business-type activities							
Food services	1,733,436	703,568	1,235,361	-	-	205,493	205,493
Total primary government	$ 56,732,820	$ 1,456,113	$ 12,813,578	$ 489,996	(42,178,626)	205,493	(41,973,133)
General revenues							
Property taxes, levied for general purposes, public utility realty tax, earned income tax					37,129,811	-	37,129,811
Grants, subsidies and contributions not restricted					11,926,397	-	11,926,397
Investment earnings					1,095,050	23,041	1,118,091
Miscellaneous income					2,762	-	2,762
Transfers					(47,527)	47,527	-
Total general revenues					50,106,493	70,568	50,177,061
Change in net position					7,927,867	276,061	8,203,928
Net position - beginning					(5,780,787)	1,613,019	(4,167,768)
Net position - ending					$ 2,147,080	$ 1,889,080	$ 4,036,160

BIG SPRING SCHOOL DISTRICT
Balance Sheet – Governmental Funds
June 30, 2023

	General Fund	Capital Projects Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 18,320,595	8,691,026	$ 5,622,333	$ 67,471	$ 32,701,425
Investments	1,958,142	-	4,485,730	-	6,443,872
Taxes receivable	2,238,795	-	-	-	2,238,795
Intergovernmental receivables	2,401,349	-	-	-	2,401,349
Other receivables	79,049	-	-	-	79,049
Due from other funds	2,770	-	4,497,815	-	4,500,585
Prepaid expenditures	2,985,690	-	-	-	2,985,690
Total assets	$ 27,986,390	$ 8,691,026	$ 14,605,878	$ 67,471	$ 51,350,765
LIABILITIES					
Accounts payable	$ 1,235,923	$ 933,821	$ 130,174	$ 188	$ 2,300,106
Accrued salaries and benefits/withholdings	4,443,580	-	-	-	4,443,580
Due to other funds	4,550,338	-	2,546	-	4,552,884
Total liabilities	10,229,841	933,821	132,720	188	11,296,570
DEFERRED INFLOWS OF RESOURCES					
Unavailable tax revenue	1,272,980	-	-	-	1,272,980
Total deferred inflows of resources	1,272,980	-	-	-	1,272,980
FUND BALANCES					
Nonspendable Fund Balance					
Prepaid expenditures	2,985,690	-	-	-	2,985,690
Restricted Fund Balance					
Future capital improvements	-	7,757,205	14,473,158	-	22,230,363
Committed Fund Balance					
Future retirement increases	554,000	-	-	-	554,000
Assigned Fund Balance					
Future retirement increases	650,000	-	-	-	650,000
Future healthcare increases	750,000	-	-	-	750,000
Future technology purchases	2,300,000	-	-	-	2,300,000
Future healthcare requirements	390,446	-	-	-	390,446
Future projects	2,360,427	-	-	-	2,360,427
Future special education purchases	550,000	-	-	-	550,000
Future information system purchases	200,000	-	-	-	200,000
Future safety and security purchases	400,000	-	-	-	400,000
Future student services purchases	400,000	-	-	-	400,000
Subsequent year budgeted use of fund balanc	521,348	-	-	-	521,348
Unassigned Fund Balance	4,421,658	-	-	67,283	4,488,941
Total fund balances	16,483,569	7,757,205	14,473,158	67,283	38,781,215
Total liabilities, deferred inflows of resources, and fund balances	$ 27,986,390	$ 8,691,026	$ 14,605,878	$ 67,471	$ 51,350,765

BIG SPRING SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2023

Total fund balances - governmental funds		$ 38,781,215
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 the fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		
Cost of assets	124,139,199	
Accumulated depreciation/amortization	(55,969,529)	
		68,169,670
Certain receivables are not available to pay current period expenditures and therefore are not reported in the fund financial statement, but are reported in governmental activities in the Statement of Net Position.		1,272,980
Long-term liabilities and related accrued interest are not due and payable in the current period and thus 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 associated deferred inflows and deferred outflows of resources consist of:		
General obligation bonds and note payable	(41,478,072)	
Deferred charge on bond refunding	(202,572)	
Accrued interest expense	(258,689)	
Lease and subscription-based asset obligations	(425,543)	
Compensated absences	(731,157)	
Net pension liability	(59,142,349)	
Deferred outflows related to pension liability	8,733,566	
Deferred inflows related to pension liability	(4,168,788)	
OPEB liability	(7,037,074)	
Deferred outflows related to OPEB liability	1,858,063	
Deferred inflows related to OPEB liability	(3,224,170)	
		(106,076,785)
Net position of governmental activities in the Statement of Net Position		$ 2,147,080

BIG SPRING SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2023

	General Fund	Capital Projects Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Local revenues					
Taxes	$ 37,130,768	$ -	$ -	$ -	$ 37,130,768
Investment earnings	873,508	30,723	190,758	61	1,095,050
Revenue from intermediate sources	597,016	-	-	-	597,016
Other	743,281	-	-	42,938	786,219
State sources	21,037,320	-	-	-	21,037,320
Federal sources	2,354,624	-	-	-	2,354,624
Total revenues	62,736,517	30,723	190,758	42,999	63,000,997
EXPENDITURES					
Instruction	35,211,450	-	-	-	35,211,450
Support services	16,622,061	4,082,941	1,049,003	-	21,754,005
Operation of non-instructional services	1,379,640	-	-	17,641	1,397,281
Debt service					
Principal	4,068,570	-	-	-	4,068,570
Interest and bond issue costs	932,286	-	-	-	932,286
Total expenditures	58,214,007	4,082,941	1,049,003	17,641	63,363,592
Excess (deficiency) of revenues over expenditures	4,522,510	(4,052,218)	(858,245)	25,358	(362,595)
OTHER FINANCING SOURCES (USES)					
Proceeds from long term financing	418,626	18,860,000	-	-	19,278,626
Payment to refund long term debt	-	(9,558,371)	-	-	(9,558,371)
Bond premium	-	2,507,794	-	-	2,507,794
Interfund transfers	(4,247,527)	-	4,200,000	-	(47,527)
Total other financing sources and (uses)	(3,828,901)	11,809,423	4,200,000	-	12,180,522
Net change in fund balances	693,609	7,757,205	3,341,755	25,358	11,817,927
Fund balances - beginning	15,789,960	-	11,131,403	41,925	26,963,288
Fund balances - ending	$ 16,483,569	$ 7,757,205	$ 14,473,158	$ 67,283	$ 38,781,215

BIG SPRING SCHOOL DISTRICT
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
Year Ended June 30, 2023

Net change in fund balances - total governmental funds:		$ 11,817,927
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report capital 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 differed from depreciation expense in the current period. In addition, 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.		
Depreciation/amortization expense	(4,260,858)	
Capital outlays	5,277,066	1,016,208
Because certain taxes and grant reimbursements will not be collected for several months after the School District's fiscal year end, they are not considered as "available" revenues in the governmental funds. Unavailable tax and grant revenues changed by this amount this year.		(26,273)
The issuance of long-term obligations (bonds, leases, loans), subscription-based asset obligations provides current financial resources to governmental funds, while repayment of principal of long-term obligations consumes the current financial resourncs 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:		
Issuance of lease and subscription-based asset obligations		(418,626)
Repayment of lease and subscription-based asset obligations - principal		378,570
Issuance of general obligations		(18,860,000)
Payment to refinance general obligations		9,558,371
Repayment of general obligations - principal		3,690,000
Issuance premium/discount, and interest expense, net of related amortization of bond related costs		(2,395,423)
Some expenses reported in the statement of activities do not require the use of current financial resources and thus are not reported as expenditures in governmental funds. This is the difference between the amount incurred and the amount paid of:		
Net pension liability and related deferred outflows and inflows	3,610,279	
OPEB liability and related deferred outflows and inflows	(652,482)	
Compensated absences	140,728	
Accrued interest	68,588	3,167,113
Change in net position of governmental activities		$ 7,927,867

BIG SPRING SCHOOL DISTRICT
Statement of Net Position – Proprietary Funds
June 30, 2023

	Food Service
ASSETS	
Current Assets	
Cash and cash equivalents	$ 1,054,334
Due from other governments	5,827
Due from other funds	52,523
Other receivables	27,361
Inventory	29,806
Total current assets	1,169,851
Noncurrent Assets	
Furniture and equipment	2,144,084
Accumulated depreciation	(1,346,398)
Total noncurrent assets	797,686
Total assets	1,967,537
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pension liability	22,307
Deferred outflows related to OPEB liability	1,295
Total deferred outflows of resources	23,602
Total assets and deferred outflows of resources	$ 1,991,139
LIABILITIES	
Current Liabilities	
Accounts payable	$ 15,603
Due to other funds	224
Total current liabilities	15,827
Noncurrent Liabilities	
Net pension liability	76,669
OPEB liability	3,174
Total noncurrent liabilities	79,843
Total liabilities	95,670
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pension liability	5,390
Deferred inflows related to OPEB liability	999
Total deferred inflows of resources	6,389
NET POSITION	
Net investment in capital assets	797,686
Unrestricted	1,091,394
Total net position	1,889,080
Total liabilities, deferred inflows of resources and net position	$ 1,991,139

BIG SPRING SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds
Year Ended June 30, 2023

	Food Service
OPERATING REVENUE	
Food service revenues	$ 703,568
Total operating revenues	703,568
OPERATING EXPENSES	
Food and milk purchases	1,567,870
Salaries	25,966
Employee benefits	23,182
Supplies and other expenses	14,221
Repairs and maintenance	9,907
Utilities	47,527
Depreciation	44,763
Total operating expenses	1,733,436
Operating (loss)	(1,029,868)
NONOPERATING REVENUES (EXPENSES)	
Interest income	23,041
Federal subsidies	1,038,397
State subsidies	196,964
Total nonoperating revenue	1,258,402
Income (loss) before transfers	228,534
TRANSFERS	
Interfund transfers	47,527
Change in net position	276,061
Net position - beginning	1,613,019
Net position - ending	$ 1,889,080

BIG SPRING SCHOOL DISTRICT
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2023

	Food Service
Cash flows from operating activities	
Cash received from food sales	$ 667,270
Cash payments for goods and services	(1,539,190)
Cash payments to and on behalf of employees	(49,452)
Net cash (used) by operating activities	(921,372)
Cash flows from financing activities	
Purchase of equipment	(58,922)
Net cash (used) by financing activities	(58,922)
Cash flows from noncapital financing activities	
Federal subsidies	948,023
State subsidies	196,964
Interfund transfers	47,527
Net cash provided by noncapital financing activities	1,192,514
Cash flows from investing activities	
Earnings on investments	23,041
Net increase in cash and cash equivalents	235,261
Cash and cash equivalents - beginning	819,073
Cash and cash equivalents - ending	$ 1,054,334
Reconciliation of income (loss) from operations to net cash provided by operating activities	
Operating (loss)	$ (1,029,868)
Adjustments to reconcile operating income (loss) to net cash provides (used) by operating activities	
Depreciation	44,763
Donated food used	149,272
(Increase) decrease in	
Inventory	16,368
Accounts receivable	(6,949)
Increase (decrease) in	
Interfund payables	(9,655)
Compensated absences	(19,470)
Net pension liability and related items	(309)
Other post-employment benefit liability and related items	5
Accounts payable	(65,529)
Total adjustments	108,496
Net cash (used) by operating activities	$ (921,372)

BIG SPRING SCHOOL DISTRICT
Statement of Net Position – Fiduciary Funds
June 30, 2023

	Custodial Funds
ASSETS	
Cash and cash equivalents	$ 59,980
Investments	190,736
Total assets	$ 250,716
NET POSITION	
Restricted for individuals and organizations	250,716
Total net position	$ 250,716

BIG SPRING SCHOOL DISTRICT
Statement of Changes in Net Position – Fiduciary Funds
Year Ended June 30, 2023

	Custodial Funds
ADDITIONS	
Sales	$ 148,246
Contributions	45,026
Fundraiser income	201,590
Interest income	3,664
Total additions	398,526
DEDUCTIONS	
Apparel	87,788
Supplies	108,727
Fundraising	93,489
Food	23,611
Equipment/technology	12,322
Dues/fees	36,161
Donations	17,439
Banquets	24,416
Transportation	18,336
Miscellaneous expense	5,208
Total deductions	427,497
Change in net position	(28,971)
Net position - beginning	279,687
Net position - ending	$ 250,716

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations and Reporting Entity

Big Spring School District (School District) operates a public school system which is comprised of the Cumberland County Townships of Cooke, Lower Frankford, Upper Frankford, Lower Mifflin, Upper Mifflin, North Newton, South Newton, Penn and West Pennsboro and the Borough of Newville, Pennsylvania. Services provided include a comprehensive curriculum for primary and secondary education as well as special education and vocational education programs.

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 Big Spring 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 primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The School District is not a component unit of any other entities. Based on the above criteria, the School District has no component units.

Joint Ventures

The School District is a participant in two jointly governed organizations, each of which is a separate legal entity that offers services to the School District and its residents. Each entity serves several school districts and/or municipalities, and therefore are not included in this reporting entity. These entities do not have taxing power, but are required to adopt an annual budget, which is funded primarily by its member Districts or others that use its services. Complete financial statements for these entities can be obtained from their administrative offices.

Capital Area Intermediate Unit provides special education services and programs. During the year ended June 30, 2023 the School District paid $ 217,532 to Capital Area Intermediate Unit for these services.

Cumberland Perry Area Vocational Technical School provides vocational and technical education services and programs. During the year ended June 30, 2023 the School District paid $ 879,030 to Cumberland Perry Area Vocational Technical School for these services.

Complete financial statements for each of the entities described above can be obtained from each respective administrative office.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

General Fund - The General Fund is the primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund. An operating budget is adopted prior to the beginning of each year on a modified accrual basis of accounting. The General Fund is the only fund for which a budget is legally required, and any unrestricted fund balances are considered as resources available for use. Revenues are primarily derived from local property, earned income, 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.

Capital Reserve Fund – The capital reserve fund (Section 2932 is authorized by Pennsylvania Law 145, Act of April 30, 1943, known as Section 2932 School Laws of Pennsylvania) accounts for amounts transferred from the General Fund and the expenditure of those funds for capital outlays. Capital budgets are not implemented for capital improvements in these funds. All transactions are approved by the Board prior to commitment, thereby constructively achieving budgetary control.

Capital Project Fund – The capital project fund is utilized to account for excess general Fund resources designated by board action for future capital improvement projects.

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

Special Revenue Fund – these funds are for the activities funds in which the School District maintains administrative involvement.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

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

This fund accounts for all revenues and expenses pertaining to the 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 such goods or services to the students on a continuing basis be financed or recovered primarily through user charges or cost reimbursement plans.

3. Fiduciary Funds

Fiduciary funds are used to account for the School District's custodial funds. These funds account for assets held by the School District as a trustee or agent for individuals, private organizations and/or governmental units and are therefore not available to support the School District's own programs. The Student Activities Fund accounts for programs operated and sponsored by various clubs and organizations within the schools and is reported as a custodial fund.

Basis of Presentation

Government-wide Financial Statements – The statement of net position and the statement of activities display information about the School District has 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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. Nonmajor 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.

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 increased or decreased 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 revenue is available, which is generally 60 days; accordingly, when such funds are received, they are recorded as liabilities 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

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

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 Education, which authorize the School District to make expenditures.
4. Appropriations lapse at the end of the fiscal period.
5. 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 these funds are approved by the Board prior to commitment, thereby constructively achieving budgetary control.

Cash and Cash Equivalents and Investments

Cash and cash equivalents include all cash on hand, demand deposits (including pooled investments), and short- term investments with original maturities of three months or less from the date of acquisition. Investments include certificates of deposit and Treasury obligations with original maturities greater than three months. Investments are stated at market value.

Taxes and Taxes Receivable

Real estate and personal taxes are levied as of July 1 with a legal, enforceable claim against the property and/or taxpayer. Amounts not collected within six months (December 31) are considered delinquent and submitted to outside agencies/entities for collection actions.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Activity/Internal Balances

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

Exchange transactions, if any, between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchases fund. Flows of cash or goods from one fund to another fund 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.

Inventories and Prepaid Items

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 expenditure 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.

Certain payments, if any, to vendors reflect expenses applicable to future accounting periods and are presented as prepaid items in both School District-wide and fund financial statements.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are presented in the applicable governmental or business-type activities columns in the School District- wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than $ 1,500 and an estimated useful life in excess of one year. Management has elected to include certain homogeneous groups with individual costs of less than $ 1,500 as capital assets for financial presentation purposes. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Such assets are presented at historical cost if purchased or estimated historical cost if constructed.

Major outlays for capital assets and improvements are capitalized when incurred. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Donated capital assets are recorded at their acquisition value as of the date received. The School District does not possess any infrastructure. Interest incurred during the construction of capital assets is not capitalized.

Upon sale or retirement, the cost and related accumulated depreciation/amortization, if applicable, are eliminated from the respective government-wide and proprietary accounts and any resulting gain or loss is reflected in those accounts.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Capital assets are depreciated/amortized using the straight-line method, over the following estimated useful lives (in years):

Assets	Governmental Activities	Business-type Activities
Buildings and improvements	20 to 40	-
Furniture and equipment	10 to 15	15
Technology equipment	5 to 6	5
Right-to-use asset - equipment	1 - 5	-

Long-Term Liabilities

In the government-wide financial statements, and proprietary fund types in fund financial statements, bonds and notes payable and other long-term obligations are presented as liabilities. Bond discounts (premiums) and any charges on refundings are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of applicable bond premium or discount. A deferred charge on bond refunding is reported as deferred inflows of resources and amortized over the term of the related debt, if any.

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

Leases

The School District is a lessee for noncancellable leases of equipment. 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 the 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

- 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 the 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.

Subscription-Based Information Technology Arrangements

During the year ended June 30, 2023, the School District adopted GASB No. 96 for the reporting of Subscription-based Information Technology Arrangements.

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

At the commencement of the 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 the payments made. The subscription asset is initially measured as the initial amount of the subscription liability adjusted for subscription payments made at or before the subscription arrangement commencement date, plus certain implementation stage 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 the interest rate 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 included in the measurement of the subscription liability are composed of the 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 subscription liability.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/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 various amounts related to pension and OPEB liabilities. These amounts will be amortized in future periods.

In addition to liabilities, the statement of financial position and 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 future periods and so will not be recognized as an inflow of resources (revenue) until that time. The School District's deferred inflows of resources at June 30, 2023 consist of various amounts related to pension, OPEB liabilities, and charges on refundings on the statement of net position and unavailable tax revenue on the governmental fund balance sheet.

Unearned Revenues

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

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

Compensated Absences

Compensated absences are presented using the termination payment method. A liability is computed using estimates which apply historical data to current factors. The School District maintains records of unused leave and applies the contracted rate for employees eligible for the severance allowance. The School District allows only restricted sabbatical leave and therefore does not present any liability in advance of the sabbatical. Payments for compensated absences are made in the year the absence is taken or the employee retires.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

At retirement or death, which in School District service, employees or their beneficiaries shall choose one of the available options (subject to a maximum of $ 19,500 for administrators, $ 17,500 for teaching staff and $ 10,081 for classified staff). The severance allowance is paid as a School District contribution into the employee's 403(b) tax sheltered annuity account.

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 postemployment benefits by permitting retired employees the ability to participate in the employee health plan through a single employer defined benefit other post-employment health plan (OPEB) at the same premium rate. The School District will pay 50% of the premiums for eligible members only, subject to a certain maximum. This coverage will cease upon the earlier of 5 years or member Medicare age. Dependents may then elect available coverage by paying the full premiums. albeit 100% paid for by the retirees. Consequently, the School District is providing an implicit rate subsidy to its retirees. These benefits are financed on a pay-as-you-go basis.

PSERS

For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expenses, 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

Net position (deficit) represents total assets plus deferred outflows of resources less total liabilities and deferred inflows of resources. In School government-wide financial statements and proprietary fund financial statements, categories of net position are:

Net investment in capital assets (net of related debt) - 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 debt attributable to the unspent 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 of related debt also should be included in this component of net position.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position (Continued)

Restricted - This component 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. Restricted net position as of June 30, 2023 is for future capital expenses.

Unrestricted - This component presents the net position (deficit) of the School District, which are not restricted for any project or other purpose. However, these funds may be committed or assigned for specific projects or purposes in the fund financial statements.

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. Classifications of fund balances are:

Nonspendable – This classification includes amounts that cannot be spent because they are either in a (1) non-spendable form (i.e., inventories) or (2) legally or contractually required to be maintained intact (i.e., the principal of a permanent fund).

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 Board of School Directors. 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 Board of School Directors, or a subordinate high-level body, such as the Superintendent or Business Manager.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance - Governmental Fund Financial Statements (Continued)

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.

Policy Regarding Order of Spending

The School District does not have a policy for spending order when fund balance resources are available for a specific purpose in multiple classifications. It is assumed that the School District is to use restricted resources first and then apply unrestricted resources in the following order: unassigned, assigned, and committed.

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, 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.

NOTE 2 CASH AND CASH EQUIVALENTS 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 restricted 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 bankers' acceptances do not exceed 180 days maturity.
- Negotiable certificates of deposit or other evidences of deposit, with a remaining maturity of three years or less.

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a policy for custodial credit risk. However, the School District requires all deposits in excess of federal deposit insurance coverage to be collateralized by the depository institution with approved collateral as provided by the law. As of June 30, 2023, $ 2,649,778 of the School District's bank balance of $ 3,214,489 was exposed to custodial credit risk.

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. 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.

In addition to the balances above, as of June 30, 2023, $ 307,280 that was exposed to custodial credit risk was held at a credit union and $ 250,000 was covered by NCUA insurance, with the remaining $ 57,280 uncollateralized.

Credit Risk – Investments

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Included in investments on the statement of net position are certificates of deposits (CD's) invested by the Pennsylvania School District Liquid Asset Fund (PSDLAF) in various financial institutions of $ 1,960,650 (included in bank balance of "custodial credit risk – deposits" disclosure above). In addition, the School District invested $ 988,484 and $ 2,500,000 in PSDLAF's Deposit Trust Company (DTC) securities and Collateralized CD Pool, respectively. CD's invested in other various financial institutions were $ 190,736 (included in bank balance held by credit union disclosed above). The CD's in various financial institutions have maturities greater than 3 months and are classified as investments in the financial statements.

Included in cash and cash equivalents on the statement of net position are pooled investments in the PSDLAF-MAX of $ 14,246,112, and PSDLAF full flex pool of $ 17,000,309. The PSDLAF investments are essentially mutual funds that consist of short-term money market instruments and seeks to maintain a constant net asset value of $ 1 per share.

The amounts of CDs held by various financial institutions are covered by FDIC/NCUA insurance. The full flex pool balances held by PSDLAF are collateralized at 102% by the underlying securities.

Also invested in PSDLAF are U.S. Treasury obligations in the amount of $ 990,530. These government obligations have maturities greater than 3 months and are classified as investments in the financial statements and for purposes of this disclosure.

The School District does not have a formal investment policy for credit risk. The School District's investments in PSDLAF were rated "AAAm" by Standard & Poor's.

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Policies Followed at PSDLAF

PSDLAF are not registered with the Securities and Exchange Commission (SEC); however, PSDLAF follow 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 PSDLAF 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 PSDLAF.

Interest Rate Risk - Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The School District does not have a formal investment policy for interest rate risk. Investments in PSDLAF 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.

Investments – Fair Value Measurements

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The School District has the following fair value measurements as of June 30, 2023;

- Treasury obligations of $ 990,350 are estimated using quoted active markets for identical assets and are generally classified as Level 1 of the valuation hierarchy.

NOTE 3 TAXES RECEIVABLE

Taxes receivable and deferred inflows of resources in the fund financial statements consist of the following as of June 30, 2023:

Real estate	$ 472,206
Earned income tax	1,742,104
Real estate transfer tax	24,485
	2,238,795
Taxes collected within sixty days, recorded as revenues in governmental funds	(964,226)
Taxes estimated to be collected after sixty days, recorded as deferred inflows of resources in governmental funds	$ 1,272,980

NOTE 4 DUE FROM/TO OTHER FUNDS AND INTERFUND TRANSFERS

Net interfund receivables/payables consist of the following at June 30, 2023:

Funds	Due From	Due To
General	$ 2,770	$ 4,550,338
Capital Reserve	4,497,815	2,546
Food Service	52,523	224
	$ 4,553,108	$ 4,553,108

The General Fund owes the Food Service Fund for student account balances at June 30, 2023. The General Fund owes the Capital Reserve Fund for a transfer to fund various future improvements. The Capital Reserve Fund and Food Service Fund for various invoice reimbursements.

Net interfund transfers consist of the following for the year ended June 30, 2023:

Funds	Transfers In	Transfers Out
General	$ -	$ 4,247,527
Capital Reserve	4,200,000	-
Food Service	47,527	-
	$ 4,247,527	$ 4,247,527

Transfers are substantially for purposes of subsidizing operating functions and funding capital projects and asset acquisitions. For the year ended June 30, 2023, amounts were transferred from the General Fund to the Capital Reserve Fund to fund various future improvements and acquisitions. There was also a transfer to the Food Service Fund as a result of operational expenses funded by the General Fund.

NOTE 5 INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at June 30, 2023 consist of the following:

		General Fund	Food Service Fund
Local:	Other schools	$ 502,539	$ -
	Miscellaneous	225,845	-
State:	Social security	249,365	-
	Retirement	1,218,282	-
	Grants/subsidies	8,154	1,081
Federal:	Grants/subsidies	197,164	4,746
		$ 2,401,349	$ 5,827

NOTE 6 CAPITAL ASSETS

Capital asset activity for the School District consists of the following as of and for the year ended June 30, 2023:

	Balances June 30, 2022 as restated	Additions	Retirements	Balances June 30, 2023
Governmental Activities:				
Cost				
Assets not being depreciated/amortized				
Land	$ 899,408	$ -	$ -	$ 899,408
Construction in progress	1,056,711	4,370,178	(1,035,907)	4,390,982
Assets being depreciated/amortized				
Buildings and improvements	106,971,280	82,633	-	107,053,913
Furniture and equipment	3,633,340	339,500	-	3,972,840
Technology equipment	6,000,760	1,102,036	-	7,102,796
Right-to-use asset - equipment	484,820	360,172	(248,982)	596,010
Right-to-use asset - subscription	64,796	58,454	-	123,250
Total cost	119,111,115	6,312,973	(1,284,889)	124,139,199
Less accumulated depreciation/amortization				
Buildings and improvements	(46,125,622)	(3,073,722)	-	(49,199,344)
Furniture and equipment	(2,280,067)	(181,423)	-	(2,461,490)
Technology equipment	(3,293,648)	(733,753)	-	(4,027,401)
Right-to-use asset - equipment	(258,316)	(202,794)	248,982	(212,128)
Right-to-use asset - subscription	-	(69,166)	-	(69,166)
Total accumulated depreciation/amortization	(51,957,653)	(4,260,858)	248,982	(55,969,529)
Capital assets, net	$ 67,153,462	$ 2,052,115	$ (1,035,907)	$ 68,169,670
Business-Type Activities				
Cost				
Furniture and equipment	$ 2,085,162	$ 58,922	$ -	$ 2,144,084
Less accumulated depreciation	(1,301,635)	(44,763)	-	(1,346,398)
Capital assets, net	$ 783,527	$ 14,159	$ -	$ 797,686

The construction in progress primarily consists of the ESCO project totaling $ 7,566,725, with total expenditures of $ 3,787,432 has been incurred through June 30, 2023.

Subsequent Event

Subsequent to year end, the School District signed a contract for the ESCO project, phase two, totaling $ 9,610,573.

NOTE 6 CAPITAL ASSETS (CONTINUED)

Depreciation/amortization expense was charged as follows in the Statement of Activities:

Governmental Activities	
Instruction	$ 2,588,353
Instructional student support	639,732
Administrative and financial support services	426,270
Operation and maintenance of plant services	330,144
Transportation	180,859
Student activities	93,127
Community services	2,373
	$ 4,260,858

NOTE 7 ACCRUED SALARIES AND BENEFITS/WITHHOLDINGS

Accrued salaries, benefits, and withholdings consist of the following as of June 30, 2023:

General Fund	
Accrued salaries	$ 1,762,497
Retirement	2,456,586
Social security	128,935
Other withholdings	95,562
	$ 4,443,580

NOTE 8 LONG-TERM LIABILITIES

The changes in long-term liabilities during the year ended June 30, 2023 were as follows:

	Balance, as restated	Additions	Reductions	Ending Balance	Current Portion	Long-term Portion
Governmental Activities						
General obligation bonds						
(A) Series 2017	$ 12,610,000	$ -	$ (5,000)	$ 12,605,000	$ 5,000	$ 12,600,000
(B) Series 2018	9,490,000	-	(9,490,000)	-	-	-
(C) Series 2023	-	18,860,000	-	18,860,000	5,000	18,855,000
General obligation note - dierect borrowing						
(D) Series 2021	10,985,000	-	(3,680,000)	7,305,000	3,600,000	3,705,000
Unamortized bond premium (discount)	629,096	2,507,794	(428,818)	2,708,072	268,016	2,440,056
Subtotal - bonds	33,714,096	21,367,794	(13,603,818)	41,478,072	3,878,016	37,600,056
Lease obligations	320,691	360,172	(297,879)	382,984	166,547	216,437
IT subscription liability	64,796	58,454	(80,691)	42,559	42,559	-
Compensated absences	871,887	129,032	(269,762)	731,157	94,324	636,833
Total long-term liabilities	$ 34,906,674	$ 21,856,998	$ (14,171,459)	$ 42,592,213	$ 4,138,887	$ 38,453,326

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

Bonds

(A) On April 13, 2017, the School District issued $ 12,635,000 of General Obligation Bonds, Series 2017. The purpose of the issuance was to fund various capital projects and pay the costs of the issuance of the bonds. The bonds are due in varying amounts semi-annually on February 15 and August 15 with principal maturing February 15, 2029. The bonds bear interest at rates ranging from 0.90% to 4.00%.

(B) On April 3, 2018, the School District issued $ 9,505,000 of General Obligation Bonds, Series of 2018. The purpose of the issuance was to fund various capital projects and pay the costs of the issuance of the bonds. The bonds were due in varying amounts semi-annually on March 1 and September 1. The bonds were currently refunded with the issuance of the Series of 2023 Bonds.

(C) On April 26, 2023, the School District issued $ 18,860,000 of General Obligation Bonds, Series of 2023. The proceeds were used to refund the School District's general obligations bond Series of 2018, fund various capital projects of the District, and pay the related costs of issuing the bond. The bonds are due in varying amounts semi-annually on March 1 and September 1 with principal maturing March 1, 2035. The bond bear interest rates ranging from 2.65% to 5.00%.

As a result of the partial refunding, the School District will have the following benefits:

(1) Cash flow gain	$ 700,759
(2) Economic gain	558,233

(1) Represents the difference between the cash flows required to service the old debt and the new debt, less bond issue costs.
(2) Represents the difference in present values of the old debt and the new debt, less bond issue costs.

Direct Borrowing

(D) On February 9, 2021, the School District issued $ 16,785,000 of General Obligation Note, Series of 2021. The purpose of the issuances was to currently refund the outstanding General Obligation Bonds Series 2012, Series 2015, and Series 2016A and pay the costs of the issuance of the bonds. The note is due in varying amounts semi-annually on March 1 and September 1 with principal maturing on March 1, 2025. The note bears interest at a fixed rate of 0.64%.

The School District 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.

Lease Obligations

The School District has entered into lease agreements as the lessee for a postage machine, copiers, and computer equipment. The postage machine requires quarterly principal and interest payments of $ 564 based on an interest rate of 0.45%. The copiers require monthly principal and interest payments of $ 3,777 based on an interest rate of 0.45%. The computer equipment requires annual principal and interest payments of $ 120,597 based on an interest rate of 0.45%. The associated right-to-use assets are disclosed in the Capital Assets footnote.

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

IT Subscription-Based Liabilities

The School District has entered into subscription-based arrangements ranging from one to two years for the exclusive use of subscription-based information technology. The arrangements require annual principal and interest payments ranging from $ 861 to $ 42,559 based on ranging interest rates from 1.70% to 2.02%. The associated right-to-use assets are disclosed in the Capital Assets footnote.

Maturities

The annual debt requirements for future general obligation bonds as of June 30, 2023 are as follows:

	Bonds				Direct Borrowings	
	GO Bonds - 2017		GO Bonds - 2023		GO Note - 2021	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 5,000	$ 480,950	$ 5,000	$ 696,333	$ 3,600,000	$ 46,752
2025	80,000	480,825	5,000	942,275	3,705,000	23,712
2026	3,405,000	478,425	5,000	942,144	-	-
2027	3,575,000	308,175	5,000	942,012	-	-
2028	3,700,000	180,925	5,000	941,882	-	-
2029-2033	1,840,000	60,925	12,365,000	3,681,000	-	-
2034-2035	-	-	6,470,000	489,250	-	-
	$ 12,605,000	$ 1,990,225	$ 18,860,000	$ 8,634,896	$ 7,305,000	$ 70,464

	Lease Obligations		Subscription Obligations		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 166,547	$ 1,627	$ 42,559	$ 861	$ 3,819,106	$ 1,226,523
2025	167,297	877	-	-	3,957,297	1,447,689
2026	47,453	124	-	-	3,457,453	1,420,693
2027	1,687	4	-	-	3,581,687	1,250,191
2028	-	-	-	-	3,705,000	1,122,807
2029-2033	-	-	-	-	14,205,000	3,741,925
2034-2035	-	-	-	-	6,470,000	489,250
	$ 382,984	$ 2,632	$ 42,559	$ 861	$ 39,195,543	$ 10,699,078

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS

Plan Descriptions and Benefits Provided

School District Plan

Under the negotiation's agreement with Big Spring Education Association, the School District provides for continuance of health care insurance coverage after retirement.

If the eligible member retired after June 2011, and had 30 years with the School District, the School District will pay 50% of the medical and prescription drug premiums for the member only, subject to a maximum annual School District contribution of $ 4,000. The coverage will cease upon the earlier of 5 years or member Medicare age. The member may elect dental and vision coverage by paying the full premiums. Dependents may elect available coverage by paying the full premiums. If the 5 years are exhausted and the member has not reached Medicare age, the member and dependents may continue coverage by paying the full premiums.

If the eligible member retired before July 2011, the School District will pay 50% of the medical and prescription drug premiums for the member and dependents. The coverage will cease upon the earlier of 5 years or member Medicare age. The member and dependents may elect dental and vision coverage by paying the full premiums. If the 5 years are exhausted and the member has not reached Medicare age, the member and dependents may continue coverage by paying the full premiums.

If the retired member did not qualify for the School District subsidized benefit, but has retired through PSERS, the member and dependents may elect available coverage by paying the full premiums.

Retired administrators are eligible for health care insurance coverage similar to the above.

Retired classified employees, hired before July 2007, are eligible for health care insurance coverage similar to the above. If hired after June 2007, the retiree and dependents may elect available coverage by paying the full premiums.

Retiree's premiums are 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," which creates an additional cost to the School District.

At retirement, 100% of teachers and administrators eligible to receive a subsidy are assumed to elect coverage, and if the subsidy exhausts prior to the member reaching Medicare age, 75% are assumed to elect coverage thereafter. 75% of teachers and administrators not eligible to receive a subsidy are assumed to elect coverage. Support staff employees eligible to receive a subsidy prior to Medicare age are assumed to follow the same election percentages as teachers and administrators, 40% of support staff employees never eligible to receive a subsidy are assumed to elect coverage.

The School District funds Plan liabilities on a "pay-as-you-go" basis and has not established an OPEB trust fund to accumulate assets to fund Plan obligations. The School District has no statutory or contractual obligation to fund the Plan and would only do so at the School District's discretion.

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Plan Descriptions and Benefits Provided (Continued)

PSERS

In addition to other postemployment benefits 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, 2022 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 employers or the PSERS' health options program. As of June 30, 2022, there were no assumed future benefit increases to participating eligible retirees.

Retirees of the System can participate in 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.

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

School District Plan

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

Active participants	281
Vested former participants	-
Retired participants	17
Total	298

Contributions

PSERS

The School District's contractually required contribution rate for the fiscal year ended June 30, 2023 was 0.75% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year with an additional amount to finance the unfunded accrued liability. Contributions to the OPEB plan from the employer were $ 150,158 for the year ended June 30, 2023.

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS(CONTINUED)

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, 2022, and the total OPEB liability was determined by rolling forward the total liability from July 1, 2021 to July 1, 2022 based on 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, 2023, the School District reported a total OPEB liability of $ 4,588,341.

For the year ended June 30, 2023, the School District recognized OPEB expense of $ 749,136.

PSERS

At June 30, 2023, the School District reported a liability of $ 2,451,907 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2021, to June 30, 2022. The School District's proportionate 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 proportionate was 0.1332 percent, which was a decrease of 0.0071 percent from its proportionate measured as of June 30, 2022.

For the year ended June 30, 2023, the School District recognized OPEB expense of $ 48,961.

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

	Total OPEB/ Net OPEB Liability	OPEB Expense
School District Plan	$ 4,588,341	$ 749,136
PSERS	2,451,907	48,961
Total	$ 7,040,248	$ 798,097

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS(CONTINUED)

Changes in the Total OPEB Liability

School District Plan

	Total OPEB Liability
Beginning Balance	$ 4,156,663
Changes for the year	
Service cost	269,468
Interest	99,550
Changes in assumptions	(1,336,070)
Benefit payments	(110,611)
Change in benefit terms	653,575
Difference between expected and actual	855,766
Net changes	431,678
Ending Balance	$ 4,588,341

At June 30, 2023, 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	$ 794,640	$ 752,015	$ 23,000	$ 13,000	$ 817,640	$ 765,015
Changes in assumptions	407,919	1,706,608	272,000	579,000	679,919	2,285,608
Net difference between projected and actual investment earnings	-	-	7,000	-	7,000	-
Changes in proportions - plan	-	-	51,000	173,000	51,000	173,000
Changes in proportions - fund	-	-	652	652	652	652
Difference between employer contributions and proportionate share of total contributions	-	-	2,768	894	2,768	894
Benefit payments/contributions subsequent to the measurement date	154,768	-	145,611	-	300,379	-
	$ 1,357,327	$ 2,458,623	$ 502,031	$ 766,546	$ 1,859,358	$ 3,225,169

The amount of $ 300,379 is reported as a deferred outflow of resources related to OPEB resulting from School District benefit payments/contributions subsequent to the measurement date and will be recognized as a reduction in the total/net OPEB liability in the year ended June 30, 2024, related to the School District and PSERS plans. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year ended June 30	School District Plan	PSERS	Total
2024	$ (118,690)	$ (85,261)	$ (203,951)
2025	(118,690)	(58,261)	(176,951)
2026	(118,690)	(83,818)	(202,508)
2027	(118,690)	(83,811)	(202,501)
2028	(118,690)	(98,975)	(217,665)
Thereafter	(662,614)	-	(662,614)
Total	$ (1,256,064)	$ (410,126)	$ (1,666,190)

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS(CONTINUED)

Actuarial Methods and Assumptions

School District Plan

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

PSERS

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

	School District Plan	PSERS
Actuarial Cost Method	Entry age normal	Entry age normal – level % of pay.
Investment Rate of Return	4.06% - S&P 20 year high grade municipal bond rate as of July 1, 2022.	4.09% - S&P 20 year municipal bond rate at June 30, 2021.
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, 1.5% 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	Separate rates are assumed preretirement and postretirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation. Incorporated into the table are rates projected generationally by the Scale MP 2021 projection scale to reflect mortality improvement.	Based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
Percentage of Eligible Employees Electing Coverage in Plan	100% of Teachers, Administrators, and Support Staff eligible are assumed to elect coverage, and if the subsidy exhausts prior to the member reaching Medicare age, 75% are assumed to elect coverage thereafter. 75% of Teachers and Administrators not eligible to receive a subsidy are assumed to elect coverage. 40% of Support Staff not eligible to receive a subsidy 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%.

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS(CONTINUED)

Actuarial Methods and Assumptions (Continued)

(Continued)	**School District Plan**	**PSERS**
Health Care Cost Trend Rate	6.5% in 2022, 6.0% in 2023 and 5.5% 2024 through 2025. Rates gradually decrease from 5.4% in 2026 to 3.9% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.	Applied to retirees with less than $ 1,200 in premium assistance per year. Benefit is capped at $ 1,200 per year.
Per Capital Claims Cost	The per capital 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, $7,322 for males and $10,575 for females; 50-54, $9,697 for males and $11,952 for females; 55-59, $11,811 for males and $12,506 for females; 60-64, $15,413 for males and $14,366 for females; and 65+, $19,735 for males and $18,389 for females.	N/A

PSERS

Investment Rate

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

OPEB – Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return**
Cash	100%	0.5%

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, 2022.

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Discount Rate

The discount rate used to measure the total OPEB liability was 4.06% and 4.09% for the School District's Plan and PSERS, respectively. The School District Plan is not funded, therefore, the S&P 20 year high grade municipal bond rate of 4.06% as of July 1, 2022 is 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 for 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 4.09% which represents the S&P 20 year municipal bond rate at June 30, 2022, was applied to all projected benefit payments to measure the total OPEB liability.

Sensitivity of the 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.

School District Plan

	1% Decrease 3.06%	Current Discount Rate 4.06%	1% Increase 5.06%
School District Plan - Total OPEB liability	$ 4,960,874	$ 4,588,341	$ 4,235,372

PSERS

	1% Decrease 3.09%	Current Discount Rate 4.09%	1% Increase 5.09%
PSERS - School District's proportionate share of the net OPEB liability	$ 2,773,000	$ 2,451,907	$ 2,183,000

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 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 OPEB liabilities of the plans, 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 rates:

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

School District Plan

	1% Decrease (4.5% decreasing to 3.0%)	Healthcare Cost Trend Rate (5.5% decreasing to 4.0%)	1% Increase (6.5% decreasing to 5.0%)
School District Plan - Total OPEB Liability	$ 4,171,963	$ 4,588,341	$ 5,077,602

PSERS

	1% Decrease (Between 4% to 6%)	Healthcare Cost Trend Rate (Between 5% to 7%)	1% Increase (Between 6% to 8%)
PSERS - School District's proportionate share of the net OPEB liability	$ 2,451,000	$ 2,451,907	$ 2,452,000

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.

Payables to the OPEB Plan

School District Plan

As of June 30, 2023, the School District had no amounts payable to the School District OPEB Plan.

PSERS

As of June 30, 2023, the School District had $ 52,253 included in accrued salaries and benefits liability, of which $ 39,031 is for the contractually required contribution for the second quarter of 2023 and $ 13,222 is related to the accrued payroll liability for wages incurred as of June 30, 2023.

NOTE 10 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.pa.gov.

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 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 is 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 that 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 of 35 years of service.

Defined benefits for T-G and T-H are 1.25% of 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.

NOTE 10 PENSION PLAN (CONTINUED)

General Information About the Pension Plan (Continued)

Benefits Provided (Continued)

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.

Contributions

Member contributions:

Member Contribution Rates				
Membership Class	**Continuous Employment Since**	**Defined Benefit (DB) Contribution Rate**	**DC Contribution Rate**	**Total Contribution Rate**
T-C	Prior to July 22, 1983	5.25%	N/A	5.25% 6.25%
T-C	On or after July22, 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	8.00%
T-F	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	10.80%
T-G	On or after July 1, 2019	5.5% base rate with shared risk provision	2.75%	9.00%
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	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, 2023 was 34.51% of covered payroll for the defined benefit portion and 0.20% of covered payroll for the defined contribution portion. 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 were $ 6,864,199 for the year ended June 30, 2023. In addition, the School's contribution to the defined contribution plan was $ 45,071 for the year ended June 30, 2023.

NOTE 10 PENSION PLAN (CONTINUED)

General Information About the Pension Plan (Continued)

Contributions (Continued)

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 liabilities and related pension expense represent 100% of the School District's share of these amounts. During the year ended June 30, 2023, the School District recognized revenue of $ 3,527,328 as reimbursement for its current year pension payments.

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

At June 30, 2023, the School District reported a liability of $ 59,219,018 in the Statement of Net Position for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2021 to June 30, 2022. The 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 0.1332 percent, which was a decrease of 0.0072 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the School District recognized pension expense of $ 3,610,588.

At June 30, 2023, 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	$ 27,000	$ 512,000
Changes in assumptions	1,768,000	-
Net difference between projected and actual investment earnings	-	1,004,000
Changes in proportionate share - plan	227,000	2,634,000
Changes in proportionate share - governmental activities/business-type activities	10,985	10,985
Difference between employer contributions and proportionate share of total contributions	22,855	13,193
Contributions subsequent to the measurement date	6,700,033	-
	$ 8,755,873	$ 4,174,178

NOTE 10 PENSION PLAN (CONTINUED)

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

The $ 6,700,033 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2024	$ (458,654)
2025	(694,140)
2026	(2,369,543)
2027	1,403,999
Total	$ (2,118,338)

Actuarial Assumptions

The total pension liability as of June 30, 2022 was determined by rolling forward the System's total pension liability as of the June 30, 2021 to June 30, 2022 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 PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
    - Salary growth rate – decreased from 5.00% to 4.50%
    - Real wage growth and merit or seniority increases (components for salary growth) – decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
    - Mortality rates – previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

NOTE 10 PENSION PLAN (CONTINUED)

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

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2022 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 Board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	28%	5.3%
Private equity	12%	8.0%
Fixed income	33%	2.3%
Commodities	9%	2.3%
Absolute return	6%	3.5%
Infrastructure/MLPs	9%	5.4%
Real estate	11%	4.6%
Cash	3%	0.1%
Levarage	(11%)	0.1%
	100%	

The above was 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, 2022.

Discount Rate

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

NOTE 10 PENSION PLAN (CONTINUED)

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

Discount Rate (Continued)

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	$ 76,596,000	$ 59,219,018	$ 44,568,000

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

As of June 30, 2023, the School District had $ 2,404,333, included in accrued salaries and benefits liability, of which $ 1,795,951 is for the contractually required contribution for the second quarter of 2023 and $ 608,382 is related to the accrued payroll liability for wages incurred as of June 30, 2023.

NOTE 11 RISK MANAGEMENT

Health Insurance

The School District participates in the South Central Region School Employees Benefit and Welfare Trust (the Trust), a public entity risk pool that provides its employees medical and dental insurance. The member school districts of the Trust elect trustees to manage it, but the risk is not shared among all members. At June 30, 2023, there were nine member school districts in the Trust. The School District uses a "claim-based" funding plan for medical insurance. Under this plan, the School District pays the Trust based on actual claims paid, or in essence, self-insures. Revenues and expenses of the program are accounted for in the general fund.

Payments are made from the general fund based on an estimate of expected claims established by the insurance carrier at the beginning of the year. Premiums charged in excess of claims paid and administrative costs are deposited in a rate-stabilization fund for the School District. Since the School District is responsible for its own risk, additional assessments would be charged to make up any deficiencies in this fund related to the School District; thus, this functions like a retrospectively rated program. The balance remaining in the rate-stabilization fund held by the Trust is considered a prepaid expense within the general fund. Provisions are in effect by the Trust to refund any excess monies should the School District withdraw or the Trust be dissolved. The School District maintains stop loss coverage for claims greater than $ 300,000 individually and has an unlimited lifetime benefit per person.

NOTE 11 RISK MANAGEMENT (CONTINUED)

Health Insurance (Continued)

Changes in health insurance claims liability amounts (including stop loss premiums and administrative charges) for the year ended June 30, 2023 were as follows:

Year Ended June 30	Liability Beginning	Current Year Expense (including Changes in Estimate)	Payments	Cash Balance in the Trust	Liability Ending	Net Prepaid
2023	$ 550,783	$ 5,111,340	$ 5,100,768	$ 3,547,045	$ 561,355	$ 2,985,690

The ending liability consists of incurred but not reported (IBNR) claims as of June 30, 2023. The IBNR was estimated based on actual claims incurred prior to June 30, 2023 but paid after year-end. The ending liability above is netted with the cash balance in the Trust resulting in the net prepaid expenses reported within the General Fund.

Other Insurance

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the School District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

For State unemployment compensation laws, the School District is self-insured, which is a common practice for local governmental units. Any unemployment claims are paid by the School District on a quarterly basis as incurred.

For workers' compensation insurance, approximately 80 School Districts participate in a public entity risk sharing pool (School Districts Insurance Consortium) for processing claims and obtaining reinsurance through commercial insurance carriers. Under this plan, the School District's annual cost should not exceed standard commercial insurance rates.

NOTE 12 COMMITMENTS AND 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.

The School District is involved with various potential lawsuits in the normal course of operations. In most cases, management cannot predict the outcome of the lawsuits or estimate the amount of any loss that may result. 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.

NOTE 12 COMMITMENTS AND 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, 2023 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 13 RESTATEMENT

During the year ended June 30, 2023, the School District adopted GASB Statement No. 96, Subscription-Based Information Technology Arrangements, which required a change in the presentation of these items in the financial statements and the following restatements:

	Governmental Activities
Net position, as of June 30, 2022, as originally stated	$ (5,780,787)
Standard implementation - right-to-use asset - IT subscriptions	64,796
Standard implementation - subscription-based liability	(64,796)
Net position, as of June 30, 2022, as restated	$ (5,780,787)

REQUIRED SUPPLEMENTARY INFORMATION

BIG SPRING SCHOOL DISTRICT
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2023

	Budget		Actual (Budgetary/ GAAP Basis)	Variance with Final Budget
	Original	Final		
REVENUES				
Local Sources				
Taxes	$ 36,040,245	$ 36,040,245	$ 37,130,768	$ 1,090,523
Investment earnings	10,000	10,000	873,508	863,508
Revenue from intermediate sources	594,750	594,750	597,016	2,266
Other	840,100	840,100	743,281	(96,819)
State sources	20,111,221	20,111,221	21,037,320	926,099
Federal sources	1,772,054	1,772,054	2,354,624	582,570
Total revenues	59,368,370	59,368,370	62,736,517	3,368,147
EXPENDITURES				
Instruction				
Regular programs	23,235,107	23,231,861	22,010,058	1,221,803
Special programs	12,633,400	12,633,400	12,331,979	301,421
Vocational education programs	897,980	897,980	776,542	121,438
Other instructional programs	58,600	58,600	92,871	(34,271)
Total instruction	36,825,087	36,821,841	35,211,450	1,610,391
Support Services				
Pupil personnel	1,948,160	1,948,160	2,025,889	(77,729)
Instructional staff	1,610,191	1,610,591	1,392,912	217,679
Administration	2,949,558	2,953,404	3,168,586	(215,182)
Pupil health	635,095	635,095	682,800	(47,705)
Business	461,640	461,640	440,974	20,666
Operation and maintenance of plant	4,760,612	4,760,612	4,602,511	158,101
Student transportation	2,861,016	2,861,016	2,646,206	214,810
Central	1,113,524	1,113,524	1,633,539	(520,015)
Other support services	27,968	27,968	28,644	(676)
Total support services	16,367,764	16,372,010	16,622,061	(250,051)
Operation of Noninstruction Services				
Student activities and community services	1,240,418	1,239,418	1,379,640	(140,222)
Total operation of noninstructional services	1,240,418	1,239,418	1,379,640	(140,222)
Debt Service				
Principal	4,767,801	4,767,801	4,068,570	699,231
Interest and bond costs	-	-	932,286	(932,286)
Total debt service	4,767,801	4,767,801	5,000,856	(233,055)
Total expenditures	59,201,070	59,201,070	58,214,007	987,063
OTHER FINANCING SOURCES (USES)				
Proceeds from long term financing	-	-	418,626	418,626
Interfund transfers	(250,000)	(250,000)	(4,247,527)	(3,997,527)
Budgetary reserve	(100,000)	(100,000)	-	100,000
Total other financing sources and (uses)	(350,000)	(350,000)	(3,828,901)	(3,478,901)
Net change in fund balances	$ (182,700)	$ (182,700)	$ 693,609	$ 876,309

BIG SPRING SCHOOL DISTRICT
Schedule of the School District's Proportionate Share of the 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
2023	0.1332%	$ 59,219,018	$ 19,569,164	302.61%	61.34%
2022	0.1404%	57,643,649	19,910,461	289.51%	63.67%
2021	0.1410%	69,427,013	19,870,868	349.39%	54.32%
2020	0.1391%	65,074,608	19,189,534	339.12%	55.66%
2019	0.1426%	68,455,000	19,534,713	350.43%	54.00%
2018	0.1377%	68,008,000	18,543,050	366.76%	51.84%
2017	0.1398%	69,280,000	19,035,700	363.95%	50.14%
2016	0.1413%	61,205,486	18,049,673	339.09%	54.36%
2015	0.1410%	55,808,811	17,995,841	310.12%	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.

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

Changes in Actuarial Assumptions

The following actuarial assumptions were changed during 2020-2021:

- Actuarial cost method – Entry Age Normal – level percent of pay.
- Investment return – 7.00% includes inflation at 2.50%.
- Salary growth – effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit and 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 a modified version of the MP-2020 Improvement Scale.

BIG SPRING SCHOOL DISTRICT
Schedule of the 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)	Covered Payroll - Fiscal Year	Contributions as a Percentage of Covered Employee Payroll
2023	$ 6,864,199	$ 6,864,199	$ -	$ 20,021,066	34.3%
2022	6,680,913	6,680,913	-	19,569,164	34.1%
2021	6,707,834	6,707,834	-	19,910,461	33.7%
2020	6,637,023	6,637,023	-	19,870,868	33.4%
2019	6,257,561	6,257,561	-	19,189,534	32.6%
2018	6,200,318	6,200,318	-	19,534,713	31.7%
2017	5,414,570	5,414,570	-	18,543,050	29.2%
2016	4,758,923	4,758,923	-	19,035,700	25.0%
2015	3,700,183	3,700,183	-	18,049,673	20.5%

NOTES

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

BIG SPRING SCHOOL DISTRICT
Schedule of Changes in the School District's Total OPEB Liability and Related Rations – School District Plan

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	$ 269,468	$ 276,141	$ 237,279	$ 241,912	$ 290,074	$ 292,483
Interest	99,550	79,323	132,938	114,194	143,670	106,568
Change in benefit terms	653,575	-	-	-	(42,532)	-
Differences between actual and expected experience	855,766	-	(491,630)	-	(568,920)	-
Changes in assumptions	(1,336,070)	(140,612)	489,827	(121,935)	(401,877)	46,111
Benefit payments	(110,611)	(101,983)	(95,632)	(116,240)	(146,972)	(115,421)
Net change in total OPEB liability	431,678	112,869	272,782	117,931	(726,557)	329,741
Total OPEB liability - beginning	4,156,663	4,043,794	3,771,012	3,653,081	4,379,638	4,049,897
Total OEPB liability - ending	$ 4,588,341	$ 4,156,663	$ 4,043,794	$ 3,771,012	$ 3,653,081	$ 4,379,638
Covered employee payroll	$ 18,162,101	N/A	$ 17,614,203	N/A	$ 17,785,580	$ 15,054,068
Total OPEB liability as a percentage of covered employee payroll	25.26%	N/A	22.96%	N/A	20.54%	29.09%

NOTES

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

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

BIG SPRING SCHOOL DISTRICT
Schedule of School District's Proportionate Share of 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
2023	0.1332%	$ 2,451,907	$ 19,569,164	12.53%	6.86%
2022	0.1403%	3,325,226	19,910,461	16.70%	5.30%
2021	0.1409%	3,044,422	19,870,868	15.32%	5.69%
2020	0.1391%	2,958,437	19,189,534	15.42%	5.56%
2019	0.1426%	2,973,000	19,534,713	15.22%	5.56%
2018	0.1377%	2,805,649	18,543,050	15.13%	5.73%

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 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.

BIG SPRING SCHOOL DISTRICT
Schedule of the 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
2023	$ 150,158	$ 150,158	$ -	$ 20,021,066	0.75%
2022	156,553	156,553	-	19,569,164	0.80%
2021	163,266	163,266	-	19,910,461	0.82%
2020	167,019	167,019	-	19,870,868	0.84%
2019	159,318	159,318	-	19,189,534	0.83%
2018	158,006	158,006	-	19,534,713	0.81%

NOTES

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

OTHER SUPPLEMENTARY INFORMATION

BIG SPRING SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

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 (Unearned) at July 1, 2022	Revenue Recognized	Expenditures Recognized	Receivable (Unearned) at June 30, 2023	Total Passed-Through to Subrecipients
U.S. DEPARTMENT OF EDUCATION											
Passed through the Pennsylvania Department of Education											
Title I Improving Basic Programs	I	84.010	013-230037	August 8, 2022 - September 30, 2023	$ 615,838	$ 483,885	$ -	$ 615,838	$ 615,838	$ 131,953	$ -
Title I Improving Basic Programs	I	84.010	013-220037	July 26, 2021 - September 30, 2022	625,429	160,932	160,932	-	-	-	-
Title I						644,817	160,932	615,838	615,838	131,953	-
Title II Improving Teacher Quality	I	84.367	020-230037	August 8, 2022 - September 30, 2023	98,658	97,826	-	98,658	98,658	832	-
Title II Improving Teacher Quality	I	84.367	020-220037	July 26, 2021 - September 30, 2022	107,939	42,804	42,804	-	-	-	-
Title II						140,630	42,804	98,658	98,658	832	-
Title IV Student Support & Academic Enrichment	I	84.424	144-230037	August 8, 2022 - September 30, 2023	48,986	39,999	-	48,986	48,986	8,987	-
Title IV Student Support & Academic Enrichment	I	84.424	144-220037	July 26, 2021 - September 30, 2022	35,069	23,386	23,386	-	-	-	-
Title IV						63,385	23,386	48,986	48,986	8,987	-
COVID - 19 Elementary and Secondary School Emergency Relief Fund (ESSER II)	I	84.425D	200-21-0037	March 13, 2020 - September 30, 2023	1,722,053	1,001,194	377,761	623,433	623,433	-	-
COVID - 19 Elementary and Secondary School Emergency Relief Fund - American Rescue Plan (ARP-ESSER)	I	84.425U	223-21-0037	March 13, 2020 - September 30, 2024	3,483,214	1,899,935	1,329,955	663,240	663,240	93,260	-
COVID - 19 ARP ESSER 7% Set Aside	I	84.425U	225-21-0037	July 1, 2021 - September 30, 2024	270,724	251,035	(12,381)	252,414	252,414	(11,002)	-
COVID - 19 ARP ESSER Homeless Children and Youth	I	84.425W	181-21-2037	July 1, 2021 - September 30, 2024	18,181	4,662	1,401	3,938	3,938	677	-
PCCD - Safety Grant	I	84.425D	200-51-B2	November 11, 2020 - September 30, 2022	72,522	34,625	11,773	22,852	22,852	-	-
Total CARES Act - ESSER Fund						3,191,451	1,708,509	1,565,877	1,565,877	82,935	-
P_EBT Local Admin Funds	I	10.649	N/A	July 1, 2022 - June 30, 2023		628	-	628	628	-	-
Total - Pennsylvania Department of Education						4,040,911	1,935,631	2,329,987	2,329,987	224,707	-
Passed through Capital Area Intermediate Unit											
I.D.E.A. Grants to States	I	84.027A	062-190015	July 1, 2022 - September 30, 2023	594,189	594,189	-	594,189	594,189	-	
I.D.E.A. Preschool Grants	I	84.173	010-190615	August 8, 2022 - September 30, 2023	2,827	2,413	-	2,827	2,827	414	-
Total - Capital Area Intermediate Unit						596,602	-	597,016	597,016	414	-
Total U.S. Department of Education						$ 4,637,513	$ 1,935,631	$ 2,927,003	$ 2,927,003	$ 225,121	$ -

BIG SPRING SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2023

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 (Unearned) at July 1, 2022	Revenue Recognized	Expenditures Recognized	Receivable (Unearned) at June 30, 2023	Total Passed-Through to Subrecipients
U.S. DEPARTMENT OF AGRICULTURE											
Child Nutrition Cluster											
Passed through Pennsylvania Department of Education											
School Breakfast Program	I	10.553	N/A	July 1, 2022 - June 30, 2023	N/A	$ 209,038	$ -	$ 210,262	$ 210,262	$ 1,224	
School Breakfast Program	I	10.553	N/A	July 1, 2021 - June 30, 2022	N/A	14,971	14,971	-	-	-	-
Total School Breakfast Program						224,009	14,971	210,262	210,262	1,224	-
National School Lunch Program (cash)	I	10.555	N/A	July 1, 2022 - June 30, 2023	N/A	603,145	-	606,668	606,668	3,523	-
National School Lunch Program (cash)	I	10.555	N/A	July 1, 2022 - June 30, 2023	N/A	47,715	47,715	-	-	-	-
Supply Chain Assistance	I	10.555	N/A	July 1, 2022 - June 30, 2023	N/A	71,568	-	71,568	71,568	-	-
Total National Lunch School Program						722,428	47,715	678,236	678,236	3,523	-
Total - Pennsylvania Department of Education						946,437	62,686	888,498	888,498	4,747	-
Passed through the Pennsylvania Department of Agriculture											
National School Lunch Program (commodities	I (B)	10.555	N/A	July 1, 2022 - June 30, 2023		149,272	-	149,272	149,272	-	-
Total National Lunch School Program						149,272	-	149,272	149,272	-	-
Total Child Nutrition Cluster						1,095,709	62,686	1,037,770	1,037,770	4,747	-
Total U.S. Department of Agriculture						1,095,709	62,686	1,037,770	1,037,770	4,747	-
Total Expenditures of Federal Awards						$ 5,733,222	$ 1,998,317	$ 3,964,773	$ 3,964,773	$ 229,868	$ -

NOTE 1 REFERENCES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

(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 government 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 not to use the 10% de minimis indirect cost rate for its federal program.

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
Big Spring School District
Newville, 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 Big Spring School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Big Spring School District's basic financial statements, and have issued our report thereon dated February 14, 2024.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered Big Spring 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 Big Spring School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Big Spring 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.

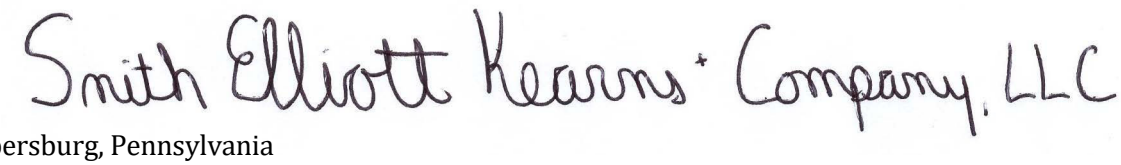
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether Big Spring School District 's financial statements are free of 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.



Chambersburg, Pennsylvania
February 14, 2024

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

Board of Directors
Big Spring School District
Newville, Pennsylvania

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited Big Spring School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Big Spring School District's major federal programs for the year ended June 30, 2023. Big Spring 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, Big Spring 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 Big Spring 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 Big Spring School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Big Spring 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 Big Spring School District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identified 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 Big Spring School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Big Spring 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 Big Spring 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 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 have not been 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.



Chambersburg, Pennsylvania
February 14, 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 compliance 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
	Child Nutrition Cluster
10.553	National School Breakfast Program
10.555	National School Lunch Program

Dollar threshold used to distinguish between type A and type B programs	$ 750,000	
Auditee qualified as low-risk auditee?	☒ Yes	☐ No

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

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.

BIG SPRING SCHOOL DISTRICT
Office of the Business Manager
45 Mount Rock Road
Newville, PA 17241-9466
717-776-2000

BIG SPRING SCHOOL DISTRICT
Summary of Prior Audit Findings
Year Ended June 30, 2023

Findings related to financial statements:

None.

Findings related to federal awards:

None.