

Audited
Financial
Statements

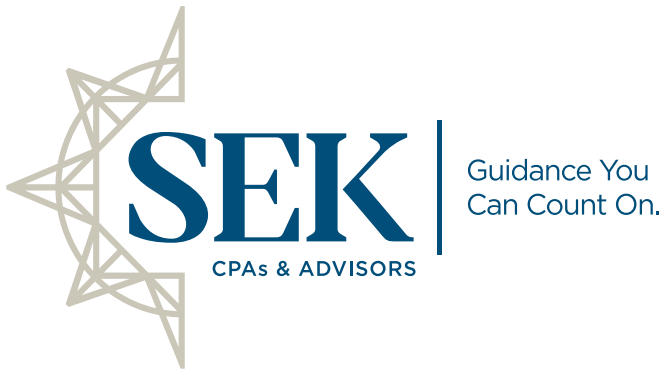
June 30,
2021

Gettysburg Area School District



CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	4 - 14
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements	
Balance Sheet - Governmental Funds	17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	18
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Statement of Net Position - Proprietary Fund	21
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund	22
Statement of Cash Flows - Proprietary Fund	23
Statement of Fiduciary Net Position	24
Statement of Changes in Fiduciary Net Position	25
Notes to Financial Statements	26 - 59
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)	
Budgetary Comparison Schedule - General Fund	60
Schedule of School District's Proportionate Share of Net Pension Liability - Public School Employees' Retirement System (PSERS)	61
Schedule of School District's Contributions - Public School Employees' Retirement System (PSERS)	62
Schedule of Changes in the School District's Total OPEB Liability and Related Ratios - School District Plan	63
Schedule of School District's Proportionate Share of the Net OPEB Liability - Public School Employees' Retirement System (PSERS)	64
Schedule of School District's OPEB Contributions - Public School Employees' Retirement System (PSERS)	65
OTHER SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards	66
Notes to Schedule of Expenditures of Federal Awards	67
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASES ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	68 - 69
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	70 - 71
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	72 - 73
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	74



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Gettysburg Area School District
Gettysburg, Pennsylvania

REPORT ON THE FINANCIAL STATEMENTS

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 Gettysburg Area School District, as of and for the year ended June 30, 2021, 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.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 Gettysburg Area School District, as of June 30, 2021, 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.

Emphasis-of-Matter

As described in Note 1 to the financial statements, Gettysburg Area School District adopted new accounting guidance, Government Accounting Standards Board (“GASB”) Statement No. 84, Fiduciary Activities, as of July 1, 2020. Our opinion is not modified with respect to this matter.

Other Matters

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 14, the budgetary comparison schedule on page 60, and the schedules related to the pension and OPEB liabilities on pages 61 through 65 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 responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Gettysburg Area School District’s basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2022, on our consideration of Gettysburg Area School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Gettysburg Area School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Gettysburg Area School District's internal control over financial reporting and compliance.

Smith Elliott Hearn & Company, LLC

York, Pennsylvania
March 15, 2022

GETTYSBURG AREA SCHOOL DISTRICT
Management's Discussion and Analysis (MD&A)
Required Supplementary Information

The discussion and analysis of Gettysburg Area School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the notes to the basic financial statements and the financial statements themselves to enhance their understanding of the School District's financial performance.

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

SCHOOL DISTRICT MISSION STATEMENT

Gettysburg Area School District, in partnership with the family and community, is dedicated to excellence and committed to maximizing every student's opportunity to reach their full potential for achievement. Our purpose is to provide a safe and healthy environment in which all students can learn. We embrace our responsibility in developing a caring school community that enables all students to become active and productive members of our diverse and ever-changing global society.

SCHOOL DISTRICT VISION

Gettysburg Area School District provides a safe and caring learning environment where students develop skills to learn in an ever-changing world and accept responsibility to use these skills to achieve and graduate ready to learn, work, serve, and succeed in today's world and in a world we cannot yet define or imagine.

FINANCIAL HIGHLIGHTS

The trends and existing forecasts indicated that during the fiscal year 2020-2021, the Gettysburg Area School District General Fund would experience a year of significant increases in the costs for employee salaries/wages as well as increases in purchased services, and property and equipment. In the budgeting process, the Board of School Directors balanced the budget with no real estate tax rate increase to the School District's taxpayers which was well below the 2.6% allowable rate increase per Act 1. The results of operation of the General Fund showed actual revenues and other financing sources received of \$ 65,050,660 exceeded the originally budgeted revenue projections of \$ 64,192,544 by \$ 858,116 or 1.34%. Of this difference \$ 596,640 was in local revenues, \$ 186,536 was in state revenues, \$ 69,548 in federal revenues, and \$ 5,392 in other revenues.

General Fund actual expenditures and other financing uses of \$ 66,383,010 were less than the original budget of \$ 69,223,178 by \$ 2,840,168 or 4.10%. Expenditures were under budget by \$ 1,340,168 and other financing uses were under budget by \$ 1,500,000 which was related to the \$ 1,500,000 planned committed fund balance increase for future facilities improvement projects and borrowing.

For the fiscal year ended June 30, 2021, the General Fund had a decrease in fund balance of \$ 1,332,350.

GETTYSBURG AREA SCHOOL DISTRICT
Management's Discussion and Analysis (MD&A)
Required Supplementary Information

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements comprise three components: 1) Government-Wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Financial Statements. This report also contains supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The *Statement of Activities* presents information showing how the School District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that only result in cash flows in future or prior fiscal periods (*e.g.*, uncollected taxes earned, but not received; unused compensated absences; and items received or services provided in 2020-2021, but paid for in a different year).

The Government-Wide Financial Statements are designed to provide readers with a broad overview of the School District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the School District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating. However, to assess the overall health of the School District, you will need to also consider additional non-financial factors, such as changes in the School District's property tax base, earned income tax base, and overall student achievement and performance.

The Government-Wide Financial Statements outline functions of the School District and are divided into two categories:

Governmental Activities: These are the functions of the School District that are principally supported by local taxes, including property and earned income taxes, and intergovernmental revenues, including state and federal subsidies and grants. The governmental activities of the School District include all of the basic services such as instruction, support services, administration, operation and maintenance of plant and facilities, student transportation, operation of non-instructional services, and community services.

Business-Type Activities: These are the functions of the School District that are run similarly to private sector business and supported by local fees and charges. The only business-type activity currently operated by the School District is the food services operation. Food services are available and provided to all participating students, staff, and visitors at a cost, based on a pricing structure developed by the School District and in conjunction with the National School Lunch program.

The Government-Wide Financial Statements can be found on pages 15 and 16 of this report.

GETTYSBURG AREA SCHOOL DISTRICT
Management's Discussion and Analysis (MD&A)
Required Supplementary Information

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. For example, some funds are required by state law and by bond requirements. The School District's Fund Financial Statements provide information about the most significant funds - not the School District as a whole. All of the funds of the School District can be divided into three categories:

Governmental Funds: These funds include most of the School District's activities and are used to account for essentially the same functions reported as governmental activities in the Government-Wide Financial Statements. However, unlike the Government-Wide Financial Statements, Governmental Fund Financial Statements focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The Governmental Fund Statements provide a detailed short-term view of the School District's operations and the services it provides as opposed to the longer-term view of Government-Wide Financial Statements. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs and operations.

Because the focus of governmental funds is narrower than that of the Government-Wide Financial Statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the Government-Wide Financial Statements. By doing so, readers may better understand the long-term impact of the School District's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on pages 18 and 20, respectively.

The Governmental Fund Financial Statements can be found on pages 17 and 19 of this report.

Proprietary Funds: These funds are used to account for the School District activities that are similar to business operations in the private sector, where the reporting focus is on determining net income, financial position, and changes in financial position. Typically, a significant portion of funding is through user charges.

When the School District charges customers for services it provides - whether to outside customers or to other units in the School District - these services are generally reported in proprietary funds. The Food Service Fund is the School District's only Proprietary Fund and is the same as the business-type activities we report in the Government-Wide Statements. However, we provide more detail and additional information in the fund financial statements, such as cash flow reporting.

The Proprietary Fund Financial Statements can be found on pages 21 through 23.

Fiduciary Funds: These funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected in the Government-Wide Financial Statements because the resources of those funds are not available to support the School District's own programs. The accrual basis of accounting is used for Fiduciary Funds. Fiduciary Funds maintained by the School District include a Student Activities fund that accounts for financial transactions of various student clubs and activities.

The Fiduciary Fund Financial Statements can be found on pages 24 and 25 of this report.

GETTYSBURG AREA SCHOOL DISTRICT
Management's Discussion and Analysis (MD&A)
Required Supplementary Information

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential for understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26 through 59 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report presents certain other supplementary information concerning the School District's finances and operations, beginning on page 60.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (THE SCHOOL DISTRICT AS A WHOLE)

Net position may serve over time as a useful indicator of a government's financial position. In the case of the School District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$ 2,354,365 as of June 30, 2021. Table A-1 presents a summary of the School District's net position for the fiscal years ended June 30, 2020 and 2021.

Table A-1
Net Position

	Fiscal Year Ended June 30, 2020 (restated)			Fiscal Year Ended June 30, 2021		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 41,495,238	\$ 2,206,658	\$ 43,701,896	\$ 62,360,071	\$ 2,081,543	\$ 64,441,614
Capital assets	76,109,099	567,079	76,676,178	78,478,157	510,150	78,988,307
Deferred outflows of resources	12,146,075	315,158	12,461,233	15,198,252	920,920	16,119,172
Total assets and deferred outflows of resources	\$ 129,750,412	\$ 3,088,895	\$ 132,839,307	\$ 156,036,480	\$ 3,512,613	\$ 159,549,093
Current liabilities	\$ 12,940,987	\$ 86,006	\$ 13,026,993	\$ 15,008,352	\$ 86,488	\$ 15,094,840
Long-term liabilities	115,455,001	2,024,038	117,479,039	139,589,940	2,659,919	142,249,859
Deferred inflows of resources	4,421,882	137,354	4,559,236	4,350,919	207,840	4,558,759
Total liabilities and deferred inflows of resources	\$ 132,817,870	\$ 2,247,398	\$ 135,065,268	\$ 158,949,211	\$ 2,954,247	\$ 161,903,458
Net position						
Net investment in capital assets	\$ 43,350,654	\$ 567,079	\$ 43,917,733	\$ 45,775,831	\$ 510,150	\$ 46,285,981
Restricted	11,164,368	103,233	11,267,601	10,623,976	94,944	10,718,920
Unrestricted	(57,582,480)	171,185	(57,411,295)	(59,312,538)	(46,728)	(59,359,266)
Total net position	\$ (3,067,458)	\$ 841,497	\$ (2,225,961)	\$ (2,912,731)	\$ 558,366	\$ (2,354,365)

A significant portion of the School District's Net Position reflects its investment in capital assets (e.g., land and improvements, infrastructure, buildings and improvements, and machinery and equipment) less any related debts used to acquire those assets that are still outstanding, and the impact on the School District for its share of the PSERS state-wide net pension liability.

The School District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. It should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot typically be used to liquidate these liabilities.

The School District's financial position is the product of many financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, the depreciation of capital assets, the financial impacts of the State-mandated pension program (PSERS) and the School District's participation in a self-insured healthcare trust. During the year, investment in capital assets increased by \$ 2,312,129 and \$ 3,905,933 of capital asset depreciation was reflected.

GETTYSBURG AREA SCHOOL DISTRICT
Management's Discussion and Analysis (MD&A)
Required Supplementary Information

CHANGES IN NET POSITION

The School District's total revenues for the fiscal year ended June 30, 2021, were \$ 66,175,612. The total cost of all programs and services was \$ 66,304,016. Table A-2 presents a summary of the changes in net position for the fiscal year ended June 30, 2020 and 2021.

Table A-2
Changes in Net Position

	Fiscal Year Ended June 30, 2020			Fiscal Year Ended June 30, 2021		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenues						
Property taxes	\$ 33,191,259	\$ -	\$ 33,191,259	\$ 33,970,251	\$ -	\$ 33,970,251
Other taxes	7,632,728	-	7,632,728	7,851,455	-	7,851,455
Grants, subsidies and contributions:						
Unrestricted	8,213,314	-	8,213,314	8,213,303	-	8,213,303
Restricted - operating	11,202,626	1,065,152	12,267,778	12,998,069	1,230,466	14,228,535
Restricted - capital	332,367	-	332,367	333,117	-	333,117
Investment earnings	697,330	26,551	723,881	238,960	3,592	242,552
Refunds of prior year expenses	4,748	-	4,748	109,046	-	109,046
Gain/(loss) on disposal of fixed assets	5,712	-	5,712	7,171	-	7,171
Miscellaneous income	47,198	-	47,198	-	-	-
Charges for services	2,441,184	455,210	2,896,394	1,158,510	61,672	1,220,182
Total revenues	\$ 63,768,466	\$ 1,546,913	\$ 65,315,379	\$ 64,879,882	\$ 1,295,730	\$ 66,175,612
Expenses						
Instruction	\$ 40,003,696	\$ -	\$ 40,003,696	\$ 41,893,928	\$ -	\$ 41,893,928
Instructional student support	4,485,665	-	4,485,665	4,515,204	-	4,515,204
Administrative and financial support	4,616,069	-	4,616,069	4,663,183	-	4,663,183
Operation and maintenance of plant	6,685,319	-	6,685,319	5,996,182	-	5,996,182
Pupil transportation	3,099,556	-	3,099,556	3,118,076	-	3,118,076
Central and other support services	1,724,475	-	1,724,475	1,610,607	-	1,610,607
Student activities	1,343,228	-	1,343,228	1,231,562	-	1,231,562
Community services	16,182	-	16,182	16,873	-	16,873
Debt service expenses	1,047,505	-	1,047,505	1,679,540	-	1,679,540
Refunds of prior year receipts	4,827	-	4,827	-	-	-
Food services	-	1,547,971	1,547,971	-	1,578,861	1,578,861
Total expenses	63,026,522	1,547,971	64,574,493	64,725,155	1,578,861	66,304,016
Change in net position	\$ 741,944	\$ (1,058)	\$ 740,886	\$ 154,727	\$ (283,131)	\$ (128,404)

GETTYSBURG AREA SCHOOL DISTRICT
Management's Discussion and Analysis (MD&A)
Required Supplementary Information

GOVERNMENTAL ACTIVITIES

Table A-3 presents the cost of the ten major School District functional activities: instruction, instructional student support, administrative and financial support services, operation and maintenance, pupil transportation, central and other support services, student activities, community services, interest on long-term debt, and refunds of prior year receipts. It shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the School District's taxpayers by each of these functions.

Table A-3
Needs From Local Taxes and Other Revenues

	Fiscal Year Ended June 30, 2020		Fiscal Year Ended June 30, 2021	
	Total Expenses	Net Expense/ (Revenue)	Total Expenses	Net Expense/ (Revenue)
Governmental Activities				
Instruction	\$ 40,003,696	\$ 31,116,996	\$ 41,893,928	\$ 33,142,113
Instructional student support	4,485,665	3,778,754	4,515,204	3,875,036
Administrative and financial support	4,616,069	4,022,181	4,663,183	3,929,043
Operation and maintenance of plant	6,685,319	5,417,419	5,996,182	3,991,452
Pupil transportation	3,099,556	1,139,012	3,118,076	1,214,581
Central and other support services	1,724,475	1,724,475	1,610,607	1,610,607
Student activities	1,343,228	1,117,789	1,231,562	1,109,331
Community services	16,182	13,754	16,873	16,873
Interest on long-term debt	1,047,505	715,138	1,679,540	1,346,423
Refunds of prior year receipts	4,827	4,827	-	-
Total governmental activities	\$ 63,026,522	49,050,345	\$ 64,725,155	50,235,459
Less: Unrestricted grants, subsidies and contributions		(8,213,314)		(8,213,303)
Total needs from local taxes & other revenues		\$ 40,837,031		\$ 42,022,156

BUSINESS-TYPE ACTIVITIES

Table A-4 presents the summary of activities for the Food Services program, the only Business-Type Activity of the School District.

Table A-4
Business-Type Activities (Food Service)

Business-Type Activities	Fiscal Year Ended June 30, 2020		Fiscal Year Ended June 30, 2021	
	Total Expenses	Net Revenue/ (Expense)	Total Expenses	Net Revenue/ (Expense)
Food services	\$ 1,547,971	\$ (27,609)	\$ 1,578,861	\$ (286,723)
Investment earnings		26,551		3,592
Total business-type activities - revenue/(loss)		\$ (1,058)		\$ (283,131)

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

As noted earlier, the School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

GETTYSBURG AREA SCHOOL DISTRICT
Management's Discussion and Analysis (MD&A)
Required Supplementary Information

GOVERNMENTAL FUNDS

The focus of the School District's reporting of the governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of the School District's net resources available for spending at the end of the fiscal year.

The financial performance of the School District as a whole is reflected in its Governmental Funds. As the School District completed the year, its Governmental Funds reported a combined fund balance of \$ 50,698,076 an overall increase of \$ 19,254,186, however, General fund operations resulted in a net decrease in total fund balance of \$ 1,332,350. The primary reasons for the General Fund results as explained earlier in the financial highlights section was mostly due to actual revenues that were higher than projections and actual expenses lower than projections which resulted in a much lower use of fund balance than planned with the 2020-2021 General Fund budget. Capital Projects Reserve Fund had a net decrease in fund balance of \$ 47,802 due to transfers from General Fund related to planned capital projects throughout the School District. Capital Projects Bond Fund had a net increase in fund balance of \$ 20,630,547 related to timing of current capital projects and the School District issuing General Obligation Bond, Series of 2020.

Of the total governmental fund balance, \$ 6,687,094 or 13% constitutes unassigned fund balance, which is available for spending at the School District's discretion. The remaining fund balance is non-spendable, restricted, committed or assigned to indicate that it is not available for spending as shown in Table A-5. For June 30, 2021 the School District included in its assigned fund balance its planned net use of fund balance, \$ 3,708,610 to balance the 2021-2022 final budget as approved by the Board of School Directors in June 2021.

Table A-5
Fund Balance - Nonspendable, Restricted, Committed, Assigned & Unassigned

	Fiscal Year Ended June 30, 2020				Fiscal Year Ended June 30, 2021				
	General Fund	Capital Projects Reserve Fund	Capital Projects Bond Construction Fund	Total	General Fund	Capital Projects Reserve Fund	Capital Projects Bond Construction Fund	Debt Service Fund	Total
Nonspendable:									
Inventories	\$ 99,170	\$ -	\$ -	\$ 99,170	\$ 133,471	\$ -	\$ -	\$ -	\$ 133,471
Prepaid expenses	226,314	-	-	226,314	264,878	-	-	-	264,878
Restricted:									
Lincoln Benefit Trust	4,180,290	-	-	4,180,290	3,687,700	-	-	-	3,687,700
Capital improvements	-	6,984,078	-	6,984,078	-	6,936,276	20,151,107	-	27,087,383
Committed:									
Capital improvements	4,250,000	-	-	4,250,000	5,750,000	-	-	-	5,750,000
Retirement/PSERS	3,647,503	-	-	3,647,503	3,375,149	-	-	-	3,375,149
Debt service	-	-	-	-	-	-	-	3,791	3,791
Assigned:									
Budgetary reserve	4,438,581	-	-	4,438,581	3,708,610	-	-	-	3,708,610
Sub-Totals	16,841,858	6,984,078	-	23,825,936	16,919,808	6,936,276	20,151,107	3,791	44,010,982
Unassigned:	8,097,394	-	(479,440)	7,617,954	6,687,094	-	-	-	6,687,094
Totals	\$ 24,939,252	\$ 6,984,078	\$ (479,440)	\$ 31,443,890	\$ 23,606,902	\$ 6,936,276	\$ 20,151,107	\$ 3,791	\$ 50,698,076

GETTYSBURG AREA SCHOOL DISTRICT
Management's Discussion and Analysis (MD&A)
Required Supplementary Information

BUDGETARY HIGHLIGHTS

During the fiscal year, the Board of School Directors (the Board) authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the School District. All adjustments are again confirmed at the time the annual audit is accepted after the end of the fiscal year, as permitted by state law. A schedule showing the School District's original and final budget amounts compared with the amounts actually paid and received is provided on page 60.

The School District applies for federal, state, and local grants and these grants cannot always be anticipated in the budgeting process. For certain changes in local, state and federal funding, corresponding changes are also required for expenses related to those programs.

Transfers between specific categories of expenditures/financing uses occur during the year. The most significant transfers occur in the payroll, benefits, and contracted substitutes areas, so that items budgeted generally, such as for substitutes and tuition reimbursement, are redistributed to the specific budgetary accounts where those funds are expended throughout the year. Attrition and other staffing changes during the year are another source of changing budget needs. Other budget transfers are made throughout the year as each budget site meets its changing needs for operations or adjusts priorities due to ongoing initiatives.

The budgetary reserve account was established at \$ 400,000 or about 0.58% of expenses for unplanned contingencies during the year. Establishing a budgetary reserve is a regular practice of the School District, as such items can arise that are not provided for elsewhere in the budget.

For the year, budget performance was \$ 3,692,892 better than projected overall, which is due to several significant items. In local revenues, tax collections, primarily real estate and local earned income taxes, were actually \$ 1,133,113 above estimates. Interest earnings were \$ 314,729 below what was projected. However, in summary, overall revenues and other funding sources were \$ 858,109 higher than budget.

In expenses, salary and benefits were better than projected and were mostly a result of retirements and open or unfilled positions resulting from COVID 19. Major object code 100, salaries, was \$ 851,564 better than projected. Benefits, as factor of salary, include PSERS and FICA, and employee medical benefits resulted in an overall \$ 537,386 cost below estimates. Special education costs for Lincoln Intermediate Unit educational services were \$ 417,400 better than projected, in part due to absorbing certain services into School District operations, however, charter school tuition costs exceeded our estimates by \$ 1,020,216. A \$ 1,500,000 budgeted expense was to recognize a planned multi-year commitment of funds toward future facility improvements. This was the fifth year of a five-year plan for the sole purpose to establish annual funding to support HVAC renovations for the High School and Lincoln Elementary School and other related capital needs as identified in the five-year capital funding plan. In summary, the overall expenditures and other financing sources were \$ 2,840,168 below budget.

GETTYSBURG AREA SCHOOL DISTRICT
Management's Discussion and Analysis (MD&A)
Required Supplementary Information

CAPITAL ASSETS

As of June 30, 2021, the School District had invested \$ 144,092,210 of its Governmental Funds in capital assets, including land and land improvements, infrastructures, school buildings and building improvements, athletic facilities, vehicles, computers and other equipment. Accumulated depreciation as of June 30, 2021, is \$ 65,614,053, resulting in net capital assets of \$ 78,478,157.

The schedule in Table A-6 presents capital asset balances net of depreciation for the fiscal years ended June 30, 2020 and 2021, including Governmental and Business-Type (Food Service) funds.

Table A-6
Net Capital Assets

	Fiscal Year Ended June 30, 2020 (restated)			Fiscal Year Ended June 30, 2021		
	Governmental Funds	Business-Type Funds	Total	Governmental Funds	Business-Type Funds	Total
Land, land improvements and infrastructure	\$ 2,716,247	\$ -	\$ 2,716,247	\$ 2,612,336	\$ -	\$ 2,612,336
Buildings and improvements	70,506,008	-	70,506,008	67,417,144	-	67,417,144
Vehicles, furniture, and equipment	2,407,404	567,079	2,974,483	2,290,281	510,150	2,800,431
Construction in progress	479,440	-	479,440	6,158,396	-	6,158,396
Total	\$ 76,109,099	\$ 567,079	\$ 76,676,178	\$ 78,478,157	\$ 510,150	\$ 78,988,307

Additional information on the School District's capital assets can be found in Note 3 to the financial statements.

DEBT ADMINISTRATION

At year-end, the School District had \$ 49,230,000 in general obligation bonds and direct borrowings (notes), of which \$ 4,010,000 of principal is due within one year. Table A-7 presents a summary of the School District's outstanding long-term debt for the fiscal year ended June 30, 2020 and 2021.

Other obligations include accrued vacation pay and sick leave for specific employees of the School District.

Table A-7
Outstanding Long-Term Debt

	Fiscal Year Ended June 30, 2020	Fiscal Year Ended June 30, 2021
General obligation bonds	\$ 20,800,000	\$ 39,545,000
General obligation notes	10,723,000	9,685,000
Total	\$ 31,523,000	\$ 49,230,000

Other obligations include accrued vacation pay and sick leave for specific employees of the School District.

The School District maintains an AA- rating from S&P Global Ratings a division of Standard & Poor's Financial Services LLC. This rating was renewed by S&P Global Ratings June 2020. Any explanation of the significance of such rating may only be obtained from the rating agency. The School District furnishes to such rating agency certain information and material with respect to the Bonds and the

GETTYSBURG AREA SCHOOL DISTRICT
Management's Discussion and Analysis (MD&A)
Required Supplementary Information

School District. Generally, rating agencies base their rating on such information, material, investigations, studies and assumptions by the rating agency. There is additional security for bonds provided by the Commonwealth of Pennsylvania Act 150 School District Intercept Program. The Act provides for the undistributed state aid to be diverted to bond holders in the event of default. The School District's general obligation debt rating can be enhanced by insurance policies through a variety of insurers; however, that is reviewed and determined at the time of each issuance of debt state statutes currently limit the amount of general obligation debt a School District may issue to 225 percent of its total "Borrowing Base". The current debt limitation for the School District, as calculated for the reporting period ending June 30, 2021, is \$ 142,964,015, which exceeds the School District's outstanding general obligation debt by \$ 93,734,015.

Additional information on the School District's long-term liabilities can be found in Note H of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

While considering economic growth in Adams County, the Board of Directors and the Administration needed a long-range view on what enrollment trends say for Gettysburg Area School District, therefore a comprehensive demographic study was produced by Stewman Demographics, LLC, and Dr. Shelby Stewman. The report was received in December 2019 of which included a 10-year enrollment projection. The study was meant to help understand and prepare for future growth, and as the results were determined, Gettysburg Area School District is not to foresee any significant changes to enrollment in the near- or long-term future.

Before COVID 19, residential growth continued slowly throughout Adams County, which has been affected by economic factors over the past several years. Just prior to this economic downturn, the Adams County Planning Office had published projections that indicated significant population growth in many of the municipalities that make up the Gettysburg Area School District. The growth, however, is somewhat limited within the Borough of Gettysburg and the areas in and around the Gettysburg National Military Park Battlefield. Residential growth that does occur within the School District does not significantly affect enrollment due to the growing retiree demographic in this area.

Commercial growth flattened due to the economy, but there are signs of changes possibly in the future. The growth that does occur is thought to reduce the numbers of area residents who travel out of the county for work, helping to maintain relatively low unemployment rates as compared to other areas of the Commonwealth and the nation. We believe there remains a significant probability that growth in this area will continue as the recent period of economic instability moves farther into the past.

Moreover, whether it be residential or commercial growth, the School District's tax base is one based on stability and allows for credit worthiness in light of COVID-19 and the recession to follow. The local real estate tax generates 44.70% of general fund revenues. Earned income is estimated to see an increase as the community rebounds from the pandemic, however, management continues to monitor and make any necessary adjustments as needed. Liquidity and fund balance will likely be strong to support the School District needs until COVID 19 and recession unfold.

GETTYSBURG AREA SCHOOL DISTRICT
Management's Discussion and Analysis (MD&A)
Required Supplementary Information

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES (CONTINUED)

The revenue budget for the 2021-2022 year is overall \$ 4,759,370 more than the original budget for 2020-2021. This represents a slight change in assessment value, an increase in local revenue, state revenue, and a large increase in federal funding. In terms of local revenue, there was a 0.79% increase in the local real estate tax rate, increasing the mill rate to 11.1057 or 0.0870 more than the 2019-2020 year. The total local funding is expected to draw on fund balance. The School District expects to receive an increase in state funding of 2% overall. This is in part due to the PSERS rate increase and resulting state subsidy. Federal funds are expected to increase 211.2% due mostly to ESSER funds. The expenditure budget for the 2021-2022 year is \$ 3,923,223 more than the original budget for 2020-2021, or a 5.7% increase. This is mostly due to plans for expending the ESSER funds.

A comparison of revenue and expenditure categories can be found in Table A-8.

Table A-8
Original General Fund Budget Revenues and Expenditures

	Fiscal Year Ended June 30, 2020		Fiscal Year Ended June 30, 2021		Fiscal Year Ended June 30, 2022	
	Amount	%	Amount	%	Amount	%
Budgeted revenues:						
Local sources	\$ 43,153,252	68.24%	\$ 43,318,294	67.48%	\$ 44,006,772	63.82%
State sources	19,007,253	30.05%	19,128,142	29.80%	19,510,394	28.30%
Federal sources	1,080,910	1.71%	1,744,108	2.72%	5,427,475	7.87%
Other sources	<u>2,000</u>	<u>0.00%</u>	<u>2,000</u>	<u>0.00%</u>	<u>7,273</u>	<u>0.01%</u>
Total	<u>\$ 63,243,415</u>	<u>100.00%</u>	<u>\$ 64,192,544</u>	<u>100.00%</u>	<u>\$68,951,914</u>	<u>100.00%</u>
Budgeted expenditures:						
Salaries and wages	\$ 23,878,127	35.38%	\$ 24,693,032	35.66%	\$ 25,077,765	34.29%
Employee benefits	16,939,015	25.09%	17,364,410	25.08%	17,804,149	24.34%
Professional services	6,173,770	9.14%	6,401,085	9.25%	6,208,830	8.49%
Property services	873,860	1.29%	739,631	1.07%	775,041	1.06%
Other purchased services	8,085,206	11.97%	8,440,316	12.19%	8,728,457	11.93%
Supplies	2,793,625	4.14%	2,765,853	4.00%	2,799,259	3.83%
Property and equipment	225,655	0.33%	434,725	0.63%	244,316	0.33%
Interest and other objects	1,927,459	2.85%	1,672,648	2.42%	5,539,736	7.57%
Other financing uses	<u>6,620,878</u>	<u>9.81%</u>	<u>6,711,478</u>	<u>9.70%</u>	<u>5,968,848</u>	<u>8.16%</u>
Total	<u>\$ 67,517,595</u>	<u>100.00%</u>	<u>\$ 69,223,178</u>	<u>100.00%</u>	<u>\$73,146,401</u>	<u>100.00%</u>

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the School District's citizens, taxpayers, parents, students, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the resources it receives. If you have questions about these reports or need additional information, please contact Belinda M. Wallen, Business Manager/Board Secretary at Gettysburg Area School District, 900 Biglerville Road, Gettysburg, PA 17325-7897, (717) 334-6254, extension 1226.

GETTYSBURG AREA SCHOOL DISTRICT
Statement of Net Position
June 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 34,457,395	\$ 1,957,658	\$ 36,415,053
Investments	17,033,038	-	17,033,038
Interest receivable	14,463	-	14,463
Taxes receivable	2,436,786	-	2,436,786
Due from other governments	4,074,577	20,054	4,094,631
Internal balances	65,233	(65,233)	-
Other receivables	192,530	1,264	193,794
Inventories	133,471	64,883	198,354
Prepaid expenses	264,878	7,973	272,851
Total current assets	<u>58,672,371</u>	<u>1,986,599</u>	<u>60,658,970</u>
Noncurrent Assets			
Capital assets			
Land	1,530,471	-	1,530,471
Site improvements and infrastructure, net	1,104,591	-	1,104,591
Building and building improvements, net	67,394,418	-	67,394,418
Machinery, equipment and vehicles, net	2,290,281	510,150	2,800,431
Construction in process	6,158,396	-	6,158,396
Total capital assets, net	<u>78,478,157</u>	<u>510,150</u>	<u>78,988,307</u>
Lincoln Benefit Trust reserves	<u>3,687,700</u>	<u>94,944</u>	<u>3,782,644</u>
Total noncurrent assets	<u>82,165,857</u>	<u>605,094</u>	<u>82,770,951</u>
Total assets	<u>140,838,228</u>	<u>2,591,693</u>	<u>143,429,921</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>15,198,252</u>	<u>920,920</u>	<u>16,119,172</u>
	<u>\$ 156,036,480</u>	<u>\$ 3,512,613</u>	<u>\$ 159,549,093</u>
LIABILITIES			
Current Liabilities			
Due to other governments	\$ 196,059	\$ -	\$ 196,059
Accounts payable	2,397,883	13,706	2,411,589
Accrued salaries and benefits/withholdings	6,778,946	19,622	6,798,568
Accrued interest	575,390	-	575,390
Other current liabilities	398,595	50,927	449,522
Current portion of long-term debt	4,571,074	-	4,571,074
Current portion of compensated absences	90,405	2,233	92,638
Total current liabilities	15,008,352	86,488	15,094,840
Noncurrent Liabilities			
Long-term debt, net of current portion	49,008,030	-	49,008,030
Compensated absences, net of current portion	1,717,701	42,419	1,760,120
Net pension liability	79,506,010	2,476,953	81,982,963
Other post-employment benefits (OPEB) liability	9,358,199	140,547	9,498,746
Total noncurrent liabilities	<u>139,589,940</u>	<u>2,659,919</u>	<u>142,249,859</u>
Total liabilities	<u>154,598,292</u>	<u>2,746,407</u>	<u>157,344,699</u>
DEFERRED INFLOWS OF RESOURCES	<u>4,350,919</u>	<u>207,840</u>	<u>4,558,759</u>
NET POSITION (DEFICIT)			
Net investment in capital assets	45,775,831	510,150	46,285,981
Restricted	10,623,976	94,944	10,718,920
Unrestricted	(59,312,538)	(46,728)	(59,359,266)
Total net position	<u>(2,912,731)</u>	<u>558,366</u>	<u>(2,354,365)</u>
	<u>\$ 156,036,480</u>	<u>\$ 3,512,613</u>	<u>\$ 159,549,093</u>

GETTYSBURG AREA SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2021

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental activities:							
Instruction	\$ 41,893,928	\$ 421,091	\$ 8,330,724	\$ -	\$ (33,142,113)	\$ -	\$ (33,142,113)
Instructional student support	4,515,204	1,006	639,162	-	(3,875,036)	-	(3,875,036)
Administrative and financial support services	4,663,183	55,020	679,120	-	(3,929,043)	-	(3,929,043)
Operation and maintenance of plant services	5,996,182	661,231	1,343,499	-	(3,991,452)	-	(3,991,452)
Pupil transportation	3,118,076	-	1,903,495	-	(1,214,581)	-	(1,214,581)
Central and other support services	1,610,607	-	-	-	(1,610,607)	-	(1,610,607)
Student activities	1,231,562	20,162	102,069	-	(1,109,331)	-	(1,109,331)
Community services	16,873	-	-	-	(16,873)	-	(16,873)
Debt service	1,679,540	-	-	333,117	(1,346,423)	-	(1,346,423)
Total governmental activities	<u>64,725,155</u>	<u>1,158,510</u>	<u>12,998,069</u>	<u>333,117</u>	<u>(50,235,459)</u>	<u>-</u>	<u>(50,235,459)</u>
Business-type activities:							
Food service	<u>1,578,861</u>	<u>61,672</u>	<u>1,230,466</u>	<u>-</u>	<u>-</u>	<u>(286,723)</u>	<u>(286,723)</u>
Total	<u>\$ 66,304,016</u>	<u>\$ 1,220,182</u>	<u>\$ 14,228,535</u>	<u>\$ 333,117</u>	<u>(50,235,459)</u>	<u>(286,723)</u>	<u>(50,522,182)</u>
GENERAL REVENUES							
Property taxes levied for general purposes, net					33,970,251	-	33,970,251
Other taxes					7,851,455	-	7,851,455
Grants, subsidies and contributions not restricted					8,213,303	-	8,213,303
Investment earnings					238,960	3,592	242,552
Refunds of prior year expenses					109,046	-	109,046
Miscellaneous income					7,171	-	7,171
					<u>50,390,186</u>	<u>3,592</u>	<u>50,393,778</u>
CHANGE IN NET POSITION					154,727	(283,131)	(128,404)
NET POSITION - BEGINNING (restated)					<u>(3,067,458)</u>	<u>841,497</u>	<u>(2,225,961)</u>
NET POSITION - ENDING					<u>\$ (2,912,731)</u>	<u>\$ 558,366</u>	<u>\$ (2,354,365)</u>

GETTYSBURG AREA SCHOOL DISTRICT
Balance Sheet – Governmental Funds
June 30, 2021

	ASSETS				Total
	General Fund	Capital Projects Reserve Fund	Capital Projects Bond Fund	Debt Service Fund	Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 18,529,515	\$ 1,725,047	\$ 14,199,042	\$ 3,791	\$ 34,457,395
Investments	4,016,665	5,021,885	7,994,488	-	17,033,038
Interest receivable	13,805	658	-	-	14,463
Taxes receivable	2,436,786	-	-	-	2,436,786
Due from other governments	4,074,577	-	-	-	4,074,577
Due from other funds	65,594	231,688	-	-	297,282
Other receivables	192,530	-	-	-	192,530
Inventories	133,471	-	-	-	133,471
Prepaid expenses	264,878	-	-	-	264,878
Lincoln Benefit Trust reserves	3,687,700	-	-	-	3,687,700
	<u>\$ 33,415,521</u>	<u>\$ 6,979,278</u>	<u>\$ 22,193,530</u>	<u>\$ 3,791</u>	<u>\$ 62,592,120</u>
LIABILITIES					
Accounts payable	\$ 312,819	\$ 42,954	\$ 2,042,110	\$ -	2,397,883
Due to other funds	231,688	48	313	-	232,049
Due to other governments	196,059	-	-	-	196,059
Accrued salaries and benefits	6,499,195	-	-	-	6,499,195
Payroll withholdings	279,751	-	-	-	279,751
Other current liabilities	398,595	-	-	-	398,595
Total liabilities	7,918,107	43,002	2,042,423	-	10,003,532
DEFERRED INFLOWS OF RESOURCES	1,890,512	-	-	-	1,890,512
FUND BALANCES					
Nonspendable:					
Inventories	133,471	-	-	-	133,471
Prepaid expenses	264,878	-	-	-	264,878
Restricted:					
Lincoln Benefit Trust reserves	3,687,700	-	-	-	3,687,700
Capital improvements	-	6,936,276	20,151,107	-	27,087,383
Committed:					
Capital improvements	5,750,000	-	-	-	5,750,000
Retirement/PSERS	3,375,149	-	-	-	3,375,149
Debt service	-	-	-	3,791	3,791
Assigned:					
21/22 Budgetary reserve	3,708,610	-	-	-	3,708,610
Unassigned:					
General Fund	6,687,094	-	-	-	6,687,094
Total fund balances	<u>23,606,902</u>	<u>6,936,276</u>	<u>20,151,107</u>	<u>3,791</u>	<u>50,698,076</u>
	<u>\$ 33,415,521</u>	<u>\$ 6,979,278</u>	<u>\$ 22,193,530</u>	<u>\$ 3,791</u>	<u>\$ 62,592,120</u>

GETTYSBURG AREA SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net
Position
June 30, 2021

Total fund balances- governmental funds	\$ 50,698,076
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 balance sheet, but are reported in the governmental activities of the Statement of Net Position. The value of capitalized fixed assets, net of accumulated	78,478,157
Certain taxes and other receivables are not available to pay current period expenditures and therefore are deferred in the fund financial statements, but are reported as revenue in governmental activities of the Statement of Net Position.	1,890,512
Long-term liabilities and other payables are not due and payable in the current period and are not included in the fund financial statements, but are included in the governmental activities of the Statement of Net Position. Long-term liabilities and other payables consist of:	
Bonds and notes payable, net of deferred charge on bond refunding	(52,525,054)
Compensated absences	(1,808,106)
Net pension liability	(79,506,010)
Deferred outflows related to pension liability	12,668,210
Deferred inflows related to pension liability	(3,027,789)
OPEB liability	(9,358,199)
Deferred outflows related to OPEB liability	1,475,992
Deferred inflows related to OPEB liability	(1,323,130)
Accrued interest	(575,390)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u>\$ (2,912,731)</u>

GETTYSBURG AREA SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance -
Governmental Funds
Year Ended June 30, 2021

	General Fund	Capital Projects Reserve Fund	Capital Projects Bond Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local sources	\$ 43,914,934	\$ 18,530	\$ 7,605	\$ -	\$ 43,941,069
State sources	19,314,678	-	-	-	19,314,678
Federal sources	1,813,656	-	-	-	1,813,656
Total revenue	65,043,268	18,530	7,605	-	65,069,403
EXPENDITURES					
Instruction	39,927,705	-	-	-	39,927,705
Support services	18,211,306	124,643	51,542	-	18,387,491
Non-instructional services	1,110,451	-	-	-	1,110,451
Facility acquisition and improvement	130,240	1,380,955	4,327,325	-	5,838,520
Debt service (principal, interest and bond issue costs)	5,573,142	-	-	-	5,573,142
Total expenditures	64,952,844	1,505,598	4,378,867	-	70,837,309
Excess (deficiency) of revenue over expenditures	90,424	(1,487,068)	(4,371,262)	-	(5,767,906)
OTHER FINANCING SOURCES (USES)					
Interfund transfers in	-	1,430,166	25,001,809	-	26,431,975
Interfund transfers out	(1,430,166)	-	-	(25,001,809)	(26,431,975)
Proceeds from debt issuance	-	-	-	34,928,895	34,928,895
Refunding of outstanding debt	-	-	-	(9,923,295)	(9,923,295)
Miscellaneous income	7,392	9,100	-	-	16,492
Total other financing sources (uses)	(1,422,774)	1,439,266	25,001,809	3,791	25,022,092
NET CHANGE IN FUND BALANCES	(1,332,350)	(47,802)	20,630,547	3,791	19,254,186
Fund balance - beginning	24,939,252	6,984,078	(479,440)	-	31,443,890
Fund balances - ending	\$ 23,606,902	\$ 6,936,276	\$ 20,151,107	\$ 3,791	\$ 50,698,076

GETTYSBURG AREA SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balance of Governmental Funds to The Statement of Activates
Year Ended June 30, 2021

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 19,254,186

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, in the Statement of Activities, the outlay is allocated over the estimated useful lives of the assets as depreciation expense for the period.

Capital outlays	6,212,521
Depreciation expense	(3,843,463)

Governmental funds do not present revenues that are unavailable to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned. (196,692)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 3,903,000

Governmental funds report prepaid bond insurance, issue costs, bond discounts / premiums and payments to refund bonds as expenditures and other financing uses or sources when the bonds are issued. However in the Statement of Activities the cost of those items are amortized over the life of the related bond.

Bond premiums	550,236
Deferred charge on bond refunding	(234,234)

Governmental funds report bond and note interest as expenditures when paid. However in the Statement of Activities interest expense is accrued and recorded as a liability on the Statement of Net Position. The change in accrued interest was: (57,108)

The issuance of general obligation bonds and notes provide current financial resources to governmental funds, but has no effect on net position. Likewise, the payment to refund bonds uses current financial resources, but also has no effect on net position. Governmental funds report bond premiums and other similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

	<u>Series of 2020</u>		
Issuance of general obligation bonds	(21,580,000)		
Bond premium	(3,663,895)		(25,243,895)

	<u>Series of 2021</u>		
Issuance of general obligation note	(9,685,000)		
Payments to refund note issuance	9,655,000		(30,000)

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

Compensated absences	(34,194)
Net pension liability	(3,681,328)
Deferred outflows related to pension liability	2,806,079
Deferred inflows related to pension liability	1,060,470
OPEB liability	198,324
Deferred outflows related to OPEB liability	480,332
Deferred inflows related to OPEB liability	(989,507)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 154,727**

GETTYSBURG AREA SCHOOL DISTRICT
Statement of Net Position – Proprietary Fund
June 30, 2021

	Food Service
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 1,957,658
Due from other governments	20,054
Other receivables	1,264
Inventories	64,883
Prepaid expenses	<u>7,973</u>
Total current assets	2,051,832
Noncurrent Assets	
Machinery and equipment, net	510,150
Lincoln Benefit Trust reserves	<u>94,944</u>
Total noncurrent assets	<u>605,094</u>
Total assets	2,656,926
DEFERRED OUTFLOWS OF RESOURCES	<u>920,920</u>
	<u>\$ 3,577,846</u>
LIABILITIES	
Current Liabilities	
Due to other funds	\$ 65,233
Accounts payable	13,706
Accrued salaries and benefits	19,622
Other current liabilities	50,927
Current portion of compensated absences	<u>2,998</u>
Total current liabilities	152,486
Noncurrent Liabilities	
Compensated absences, net of current portion	41,654
Net pension liability	2,476,953
Other post-employment benefits (OPEB) liability	<u>140,547</u>
Total noncurrent liabilities	<u>2,659,154</u>
Total liabilities	2,811,640
DEFERRED INFLOWS OF RESOURCES	207,840
NET POSITION	
Net investment in capital assets	510,150
Restricted - Lincoln Benefit Trust	94,944
Unrestricted	<u>(46,728)</u>
Total net position	<u>558,366</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 3,577,846</u>

GETTYSBURG AREA SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund
Year Ended June 30, 2021

	Food Service
OPERATING REVENUES	
Food service revenue	\$ 61,672
OPERATING EXPENSES	
Salaries	462,588
Employee benefits	532,812
Purchased professional and technical service	960
Purchased property service	31,566
Other purchased service	1,649
Supplies	486,126
Depreciation	62,470
Dues and fees	690
Total operating expenses	<u>1,578,861</u>
Operating loss	<u>(1,517,189)</u>
NONOPERATING REVENUES	
Earnings on investments	3,592
Donated commodities	142,711
State sources	97,824
Federal sources	989,931
Total nonoperating revenues	<u>1,234,058</u>
CHANGE IN NET POSITION	(283,131)
NET POSITION - BEGINNING	<u>841,497</u>
NET POSITION - ENDING	<u><u>\$ 558,366</u></u>

GETTYSBURG AREA SCHOOL DISTRICT
Statement of Cash Flows – Proprietary Fund
Year Ended June 30, 2021

	Food Service
Cash flows from operating activities:	
Cash received from user charges	\$ 59,855
Cash payments to employees for services	(847,203)
Cash payments to suppliers for goods and services	(278,936)
Cash payments for other operating expenses	(470)
Net cash used by operating activities	<u>(1,066,754)</u>
Cash flows from noncapital financing activities:	
State subsidies	97,645
Federal subsidies	954,634
Net cash from noncapital financing activities	<u>1,052,279</u>
Cash flows from capital and related financing activities:	
Purchase of capital assets, net of disposals	<u>(5,541)</u>
Cash flows from investing activities:	
Earnings on investments	<u>3,468</u>
Net decrease in cash and cash equivalents	(16,548)
Cash and cash equivalents - beginning	<u>1,974,206</u>
Cash and cash equivalents - ending	<u>\$ 1,957,658</u>
Reconciliation of operating loss to net cash from operating activities	
Cash flows from operating activities:	
Operating loss	\$ (1,517,189)
Adjustments:	
Depreciation	62,470
Donated commodities	142,711
(Increase) decrease in:	
Inventory	31,321
Other receivables	(275)
Due from other funds	23,682
Prepaid expenses	220
Deferred outflows	(605,762)
Lincoln Benefit Trust reserve	8,289
Increase (decrease) in:	
Compensated absences	(15,308)
Other post employment benefits liability	(132,210)
Accounts payable	2,351
Due to other funds	41,300
Accrued salaries and benefits	438
Net pension liability	782,634
Other current liabilities	(1,542)
Deferred inflows	<u>110,116</u>
Total adjustments	<u>450,435</u>
Net cash used by operating activities	<u>\$ (1,066,754)</u>

GETTYSBURG AREA SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2021

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 192,969
Total assets	<u>\$ 192,969</u>
LIABILITIES	
Accounts payable	\$ 6,508
Total liabilities	6,508
NET POSITION	
Restricted for individuals and organizations	<u>186,461</u>
Total liabilities and net position	<u>\$ 192,969</u>

GETTYSBURG AREA SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2021

	Custodial Funds
ADDITIONS	
Fundraising	\$ 90,000
Gifts and contributions	13,743
Investment earnings	<u>1,917</u>
Total additions	<u>105,660</u>
DEDUCTIONS	
Student activities	<u>126,709</u>
Total deductions	<u>126,709</u>
Change in net position	(21,049)
Net position - beginning (restated)	<u>207,510</u>
Net position - ending	<u>\$ 186,461</u>

GETTYSBURG AREA SCHOOL DISTRICT

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Board of School Directors (Board), constituting an on-going entity, is the level of government which has governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Pennsylvania Local Educational Agency (LEA). The Board receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" since Board members are elected by the public and have decision making authority, the power to designate management, and the accountability for fiscal matters.

The School District, for financial reporting purposes, includes all of the funds relevant to the operations of the Gettysburg Area School District. 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 the Gettysburg Area School District.

In evaluating how to define the School District for financial reporting purposes, management has considered all potential component units. Government Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity", establishes the criteria for determining the activities, functions and organizations to be included in the financial statements of the reporting entity. This statement requires that a component unit be included if the School District's elected officials are financially accountable for the component unit. The School District is financially accountable if it appoints a voting majority of the component unit's governing body and (1) it is able to impose its will on the component unit, or (2) there is a potential for the School District to provide specific financial benefits to or impose specific financial burdens on the component unit. The School District may be financially accountable if an organization is fiscally dependent on the School District regardless of whether the School District has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

Joint Ventures

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

Lincoln Intermediate Unit #12 - is a separate legal entity organized by constituent school districts in York, Adams, and Franklin counties to provide services to the school districts. Each member school district appoints members to serve on the Board of Directors of the Intermediate Unit. The School District contracts with the Intermediate Unit primarily for special education services and training. During the year ended June 30, 2021, the School District paid \$ 3,491,446 to the Lincoln Intermediate Unit #12.

Adams County Technical Institute (ACTI) – Five school districts located in Adams County have an agreement with ACTI to provide hands-on instruction to juniors and seniors of those districts. The member school districts are represented on ACTI's Joint Operating Committee. Each member school district pays tuition to ACTI based on the number of students that attend. During the year ended June 30, 2021, Gettysburg Area School District paid \$ 358,253 to ACTI.

GETTYSBURG AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Joint Ventures (Continued)

In addition to the above, starting with the 2020-2021 school year, ACTI utilizes Gettysburg Area School District's personnel, infrastructure and resources to provide their programs. ACTI pays Gettysburg Area School District 4.5% of its annual operating budget for overhead costs related to infrastructure. Furthermore, ACTI reimburses Gettysburg Area School District quarterly for salaries, benefits and supplies that were purchased on their behalf.

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

Measurement Focus and Basis of Accounting - Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities are prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statements.

Policy for Eliminating Internal Activity - Government-Wide Financial Statements

In the process of aggregating data for the Statement of Net Position, some amounts reported as interfund balances in the funds are eliminated or reclassified. Eliminations are made in the Statement of Net Position to minimize the "grossing-up" effect on assets and liabilities within the governmental and business-type activities columns of the primary government. As a result, amounts reported in the funds as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Policy for Capitalizing Assets and Estimating Useful Lives - Government-Wide Financial Statements

The School District reports capital assets at historical cost or estimated historical cost. Capital assets include land, improvements, easements, buildings, building improvements, vehicles, machinery, equipment, infrastructure and all other tangible or intangible assets that are used in operations and that have useful lives extending beyond a single reporting period. The School District's policy is to capitalize assets with costs in excess of \$ 5,000. Estimated depreciation expense is calculated using the straight-line method over the useful lives of capital assets ranging from 3 to 50 years.

Program Revenues - Government-Wide Financial Statements

The Statement of Activities reports three categories of program revenues: (a) charges for services, (b) program specific operating grants and contributions and (c) program specific capital grants and contributions. Program revenues derive directly from the program itself or from parties outside the reporting government's taxpayers or citizenry. As a whole, they reduce the net cost of the function to be financed from the government's general revenues.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Policy for Defining Operating and Non-Operating Revenues of Proprietary Funds

The School District defines proprietary fund operating revenues based on how the individual transaction would be categorized for purposes of preparing the Statement of Cash Flows. Transactions for which cash flows are reported as capital and related financing activities, non-capital financing activities or investing activities would normally not be reported as operating revenues.

Fund Accounting

The accounts of the School District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are summarized by providing a separate set of self-balancing accounts which include its assets, liabilities, fund equity, revenues and expenses or expenditures. The following funds are used by the School District:

1. Governmental Funds

General Fund

The General Fund accounts for all financial resources of the School District except those that are specifically required by laws to be accounted for in another fund. This is a budgeted fund, and any fund balances are considered as resources available for use, unless classified as nonspendable, restricted, committed or assigned.

Capital Projects Reserve Fund

The Capital Projects Reserve Fund is an unbudgeted fund that accounts for transfers of surplus from the General Fund designated to be spent on capital improvements.

Capital Projects Bond Fund

The Capital Projects Bond Fund is an unbudgeted fund that accounts for the proceeds and expenditures relating to bond issues, renovations and construction projects.

Debt Service Fund

The Debt Service Fund is an unbudgeted fund that accounts for the proceeds and refunding of new debt.

2. Proprietary Fund Types

The Enterprise Fund, an unbudgeted fund, is used to account for all revenue and expenses pertaining to cafeteria operations. The Enterprise Fund is utilized to account for operations that are financed and operated similar to private business enterprises where the stated intent is that the costs (expenses, including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered through user charges.

The School District's Enterprise Fund is the Food Service Fund which accounts for the costs of providing meals to students during the school year. Revenue is received from student payments, from state and federal subsidies.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Fund Accounting (Continued)

3. Fiduciary Fund Types

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Custodial funds are used to account for fiduciary activities that are not required to be reported in pension trust funds, investment trust funds, or private-purpose trust funds. With the adoption of a new accounting standard, Student Activities that were previously presented as Agency Funds were evaluated. Based on the evaluation of this activity will continue to be reported as Fiduciary Funds and will be presented as Custodial Funds.

Measurement Focus/Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds of the School District are accounted for using a current financial resources measurement focus. Accordingly, only current assets and current liabilities are included on the balance sheet, and the fund balances reflect spendable or appropriable resources. The operating statements of these funds reflect increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance.

The proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and liabilities (current and non-current) associated with the operation of the funds are included on its Statement of Net Position. The proprietary fund operating statement presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Fiduciary funds are reported using the economic resources measurement focus.

Modified Accrual Basis

The modified accrual basis of accounting is followed for all governmental type funds of the School District. Under the modified accrual basis of accounting, expenditures (other than interest and principal payments on long-term debt which are recorded on their payment dates) are recorded when the fund liability is incurred. Revenues are recognized when they become susceptible to accrual, i.e., measurable and available to finance the School District's operations. Available means collectible within 60 days after fiscal year-end. The modified accrual basis of accounting is used as follows:

Revenue from Local Sources

The School District has followed the principles recommended by the National Council on Governmental Accounting (NCGA) with respect to recognition of property tax revenues. Presuming all property taxes are collectible from a legal point of view, all previously levied, but uncollected property taxes were accrued at June 30, 2021. Of this total, the portion collected within 60 days after June 30, 2021, was recognized in current revenues, and the balance was recorded as deferred inflows of resources.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Revenue from State Sources

State subsidies due to the School District are recognized as revenue in the current fiscal year if determined available, generally received within 60 days of year-end.

Revenue from Federal Sources

Federal program funds applicable to expenditures for the same program in the current fiscal year, but expected to be received in the next fiscal year are accrued as current revenue at the end of the current fiscal year along with the recognition of the federal funds receivable. Likewise, any excess of revenues at the fiscal year end over the program expenditures are recorded as deferred inflows in resources.

Accrual Basis

Under the accrual basis of accounting, revenues are recognized in the accounting period they are earned and become measurable; expenses are recognized in the period incurred. The accrual basis of accounting is used for the Proprietary Funds and Fiduciary Funds.

Capital Assets - Fund Financial Statements

Under the School District's method of accounting, capital assets are recorded as expenditures at the time of purchase in the governmental funds. Accordingly, no depreciation has been provided on capital assets in those funds. Proprietary Fund capital assets are accounted for in the Enterprise Fund and are recorded at cost. Depreciation is provided for on a straight-line basis over 3 to 20 years.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated property and equipment are valued at their estimated acquisition value on the date donated.

Budgets and Budgetary Accounting

The School District follows these procedures in establishing the budgetary data presented in the financial statements:

1. The official school budget was prepared for adoption for the General Fund only. The budget was formally adopted by the Board of School Directors at a duly advertised public meeting prior to the expenditure of funds. The budget was properly amended by the Board as needed throughout the year.
2. The budget amounts shown in the financial statements are both the original and the final authorized amounts as revised during the year.
3. Unused appropriations for the General Fund typically lapse at the end of the year, except for some balances, including elementary and middle school activity funds, local grant funds and athletic team accounts.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Net Position – Government-wide Financial Statements/Proprietary Funds

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

Net Investment in Capital Assets: This component consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets.

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

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

As of June 30, 2021, restricted net position of the primary government consisted of \$ 3,687,700 related to the School District's Lincoln Benefit Trust reserves and \$ 6,936,276 for future capital projects.

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

Policy Regarding Applying Restricted or Unrestricted Revenues

The School District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balance Classification

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

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The School District has classified inventories and prepaid expenses as being nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Fund Balance Classification (Continued)

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Lincoln Benefit Trust reserves are considered restricted funds. Amounts in the Capital Project Reserve Fund and Capital Projects Bond Fund are considered restricted funds.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School District has classified Capital Improvements, amounts for future retirement/PSERS needs and the debt service escrow funds as committed.

Assigned: This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the Business Manager and Superintendent through the budgetary process. The School District has classified the 2021/2022 budget excess of expenditures over revenues as committed.

Unassigned: This classification includes the residual fund balance for the General Fund and the amount established for minimum funding which represents the portion of the General Fund balance that has been established by Policy Number 622. If the unassigned portion of the fund balance falls below the threshold of six percent of budgeted expenditures, the Board will pursue variations of increasing revenues and decreasing expenditures, or a combination of both until six percent is attained. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The Board would typically use Unassigned fund balances first, followed by Assigned resources, and then Committed resources, unless otherwise directed by the Board.

Inventories

The General Fund inventory is valued at cost and consists of general school and custodial supplies.

The Enterprise Fund inventory consists of government donated commodities which were valued at government declared value, and purchased commodities and supplies valued at cost.

GETTYSBURG AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, the Enterprise Fund considers all highly liquid investments with a maturity of one year or less when purchased to be cash equivalents.

For Governmental funds, the School District also considers all highly liquid investments with a maturity of one year or less when purchased to be cash equivalents.

The School District invests funds with The Pennsylvania School District Liquid Asset Fund (PSDLAF) and Pennsylvania Local Government Investment Trust (PLGIT), as well as regional financial institutions. Investments in these funds have either daily or weekly liquidity and are valued at the current cost. These funds invest in federal securities backed by the full faith and credit of the United States Government, its agencies and instrumentalities and subdivisions of the Commonwealth of Pennsylvania and backed by the full faith and credit of the Commonwealth.

All of the School District's cash and cash equivalents are insured by the Federal Deposit Insurance Corporation up to a maximum of \$ 500,000 per institution and funds on deposit in excess of this coverage are collateralized as provided by law of Act 72 of 1971.

Revenue Recognition - Property Taxes

Property taxes are levied on July 1st. Taxes are collected at a discount until August 31st; at their face amount from September 1st through October 31st. Real estate tax bills have a penalty period of November 1st through December 31st. After April 30th, the local tax collectors turn over the unpaid balances to the Adams County Tax Claim Bureau. The 2020-2021 millage for real estate taxes was 11.0187 mills. Interim taxes are assessed at various times during the year as appropriate.

Taxes receivable as reported on the Balance Sheet - Governmental Funds represent unpaid property taxes outstanding at June 30, 2021. Taxes receivable not deemed available under accounting principles generally accepted in the United States of America are included in deferred revenues. Since all property taxes are presumably collectible, no provision for uncollectible taxes has been made.

Interfund Transactions

During the course of normal operations, the School District has numerous transactions between funds, including expenditures and transfers of resources to provide services and service debt. Advances between funds which are not expected to be repaid are accounted for as transfers. In those cases where repayment is expected, the advances are accounted for through various due from and due to accounts.

Estimates

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

GETTYSBURG AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows and inflows of resources, which represents a consumption or receipt of net position that applies to a future period(s) and will not be recognized as an outflow (expense) or inflow (revenue) of resources until then.

The School District’s deferred outflows and deferred inflows as of June 30, 2021 on the Statement of Net Position consist of:

	Governmental Activities	Business-Type Activities	Total
Deferred outflows			
Pension related items (Note 9)	\$ 12,668,210	\$ 843,497	\$ 13,511,707
Deferred charge on bond refunding	1,054,050	-	1,054,050
OPEB related items (Note 10)	<u>1,475,992</u>	<u>77,423</u>	<u>1,553,415</u>
Total	<u>\$ 15,198,252</u>	<u>\$ 920,920</u>	<u>\$ 16,119,172</u>
Deferred inflows			
Pension related items (Note 9)	\$ 3,027,789	\$ 80,345	\$ 3,108,134
OPEB related items (Note 10)	<u>1,323,130</u>	<u>127,495</u>	<u>1,450,625</u>
Total	<u>\$ 4,350,919</u>	<u>\$ 207,840</u>	<u>\$ 4,558,759</u>

The School District’s deferred inflows of \$ 1,890,512 as of June 30, 2021 for the General Fund on the Balance Sheet - Governmental Funds represents \$ 1,085,567 of unavailable tax revenues and \$ 804,945 of unavailable PlanCon revenues.

NOTE 2 CASH AND CASH EQUIVALENTS

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 or its agencies
- Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund to the extent that such accounts are so insured, and, for any amounts above the insured maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository
- Obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the respective governmental entity
- Shares of an investment company registered under the Investment Company Act of 1940
- Obligations, participations or other instruments of any federal agency, instrumentality or Unites States government-sponsored enterprise if the debt obligations are rated at least “A” or its equivalent
- Commercial paper issues by corporations or other business entities organized in accordance with federal or state law, with a maturity not to exceed 270 days

GETTYSBURG AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

- Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances, if the banker's acceptances do not exceed 180 days
- Negotiable certificates of deposit or other evidences of deposit, with a remaining maturity of three years or less

Cash 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. As of June 30, 2021, \$ 26,933,895 of the School District's bank balance of \$ 27,678,895 was exposed to custodial credit risk and was collateralized with securities held by the pledging financial institution trust department or agent, but not in the name of the School District.

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.

Credit Risk - Investments

Included in cash and cash equivalents and investments on the statement of net position are certificates of deposits (CDs) invested by the Pennsylvania School District Liquid Asset Fund (PSDLAF). Through PSDLAF, the School District has invested \$ 1,001,332 in PSDLAF's full flex pool. The CD's have maturities greater than 3 months and are classified as investments in the financial statements and for purposes of this disclosure. The investments also include a US Treasury bill valued at \$ 7,994,488.

The amounts of CDs held by various financial institutions are all covered by FDIC insurance, as well as Act 72, as mentioned above.

Included in cash and cash equivalents on the statement of net position are pooled investments in the PA Local Government Investment Trust (PLGIT) of \$ 52,534 and PSDLAF MAX of \$ 17,066,886. PLGIT deposits are invested by PLGIT directly in a portfolio of securities which are held by a third-party custodian. These are PLGIT-Class Shares, which operate like a money market fund. PSDLAF deposits are invested by PSDLAF directly in portfolios of securities held by a third-party custodian and are collateralized with securities held by the PSDLAF agent in a collateral pool. The PSDLAF-MAX and PLGIT investments are basically mutual funds that consists of short-term money market instruments and seeks to maintain a constant net asset value of \$ 1 per share.

The School District does not have a formal written investment policy that limits its investment choices to certain credit ratings. As of June 30, 2021, the School District's investments were rated as:

Financial Institution	Standard & Poor's
Pennsylvania Local Government Investment Trust	AAAm
Pennsylvania School District Liquid Asset Fund	AAAm

GETTYSBURG AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Policies Followed at PSDLAF and PLGIT

PSDLAF and PLGIT are not registered with the Securities and Exchange Commission (SEC); however, PSDLAF and PLGIT 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 and PLGIT are valued at amortized cost, which approximates fair value and is determined by the pools' share price.

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

Interest Rate Risk - Investments

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

	Market Value	Investment Maturities (In Years)	
		Less than 1	1-5
PSDLAF CDs - Full Flex Pool - General Fund	\$ 1,001,332	\$ 1,001,332	\$ -
PSDLAF CDs - US Treasury Bill - Bond Fund	7,994,488	7,994,488	-

The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Investments in PSDLAF-MAX and PLGIT are not subject to interest rate risk as the funds are accessible on a daily basis and the interest rates change daily based on market conditions.

NOTE 3 CAPITAL ASSETS

Capital asset activity for the School District consists of the following as of and for the year ended June 30, 2021:

Governmental Activities

	(restated) Balance as of July 1, 2020	Additions	Deletions	Balance as of June 30, 2021
Cost				
Capital assets not being depreciated				
Land	\$ 1,530,471	\$ -	\$ -	\$ 1,530,471
Construction in progress	479,440	5,678,956	-	6,158,396
Capital assets				
Site improvements	3,118,074	-	-	3,118,074
Infrastructure	227,264	-	-	227,264
Building and building improvements	123,291,223	237,393	-	123,528,616
Machinery, equipment, and vehicles	9,233,217	296,172	-	9,529,389
Total cost	<u>137,879,689</u>	<u>6,212,521</u>	<u>-</u>	<u>144,092,210</u>
Less accumulated depreciation				
Site improvements	2,045,932	81,185	-	2,127,117
Infrastructure	113,630	22,726	-	136,356
Building and building improvements	52,785,215	3,326,257	-	56,111,472
Machinery, equipment, and vehicles	6,825,813	413,295	-	7,239,108
Total accumulated depreciation	<u>61,770,590</u>	<u>3,843,463</u>	<u>-</u>	<u>65,614,053</u>
Capital assets, net	<u>\$ 76,109,099</u>	<u>\$ 2,369,058</u>	<u>\$ -</u>	<u>\$ 78,478,157</u>

GETTYSBURG AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 3 CAPITAL ASSETS (CONTINUED)

Governmental Activities (Continued)

Depreciation was charged to individual functions as follows:

Instruction	\$ 1,921,763
Instructional student support	408,144
Administration and financial support	234,261
Maintenance and plant service	705,969
Transportation service	46,101
Support services	357,999
Student activities	<u>169,226</u>
	<u>\$ 3,843,463</u>

Construction in progress is related to the School District's HVAC Project. See Note 12 for more details.

Business-type Activities

	Balance as of July 1, 2020	Additions	Deletions	Balance as of June 30, 2021
Cost				
Machinery and equipment	\$ 1,190,160	\$ 5,541	\$ -	\$ 1,195,701
Less accumulated depreciation				
Accumulated depreciation	<u>(623,081)</u>	<u>(62,470)</u>	<u>-</u>	<u>(685,551)</u>
Capital assets, net	<u>\$ 567,079</u>	<u>\$ (56,929)</u>	<u>\$ -</u>	<u>\$ 510,150</u>

NOTE 4 TAXES RECEIVABLES AND DEFERRED REVENUE

Taxes receivable and deferred inflows of resources in the fund financial statements consist of the following as of June 30, 2021:

Real estate	\$ 1,678,469
Earned income	542,833
Realty transfer	123,048
Other	<u>92,436</u>
	2,436,786
Taxes collected within sixty days, recorded as revenues in governmental funds	(1,351,219)
Taxes estimated to be collected after sixty days, included in unavailable revenue in governmental funds	<u>1,085,567</u>
Taxes receivable included in current year tax revenue	<u>\$ 1,370,985</u>
Unavailable tax revenue	\$ 1,085,567
Unavailable PlanCon revenue	<u>804,945</u>
Total unavailable revenue	<u>\$ 1,890,512</u>

GETTYSBURG AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 5 INTERFUND BALANCES

Due from/to other funds consist of the following as of June 30, 2021:

Funds	Interfund	
	Receivables	Payables
General	\$ 65,594	\$ 231,688
Capital projects – reserve fund	231,688	48
Capital projects – bond fund	-	313
Enterprise	-	65,233
Total	<u>\$ 297,282</u>	<u>\$ 297,282</u>

The general fund owes the capital projects – reserve fund for technology purchases made but allocated to the general fund. The food service fund owes the general fund for payroll and other expenses paid on its behalf. The general fund is also owed small amounts from both capital projects funds related to purchases made and allocated to those funds.

Internal transfers consist of the following for the year ended June 30, 2021:

Funds	Transfers in	Transfers out
General	\$ -	\$ 1,430,166
Capital projects – reserve fund	1,430,166	-
Capital projects – bond fund	25,001,809	-
Debt service	-	25,001,809
Total	<u>\$ 26,431,975</u>	<u>\$ 26,431,975</u>

The general fund typically transfers funds to the capital projects – reserve fund based on approved projects. The debt service fund transferred the proceeds of GOB Series 2020 to the capital projects – bond fund to be used on the School District’s HVAC project.

NOTE 6 INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at June 30, 2021, consisted of the following:

	General Fund/ Governmental Activities	Food Service Fund
Amounts due from:		
Commonwealth of Pennsylvania	\$ 2,786,250	\$ 369
Federal government as passed through Pennsylvania state agencies	168,305	19,685
Various schools and governmental units	1,120,022	-
Total	<u>\$ 4,074,577</u>	<u>\$ 20,054</u>

NOTE 7 INTERGOVERNMENTAL PAYABLES

Intergovernmental payables at June 30, 2021, consisted of the following:

Amounts due to:	
Prison education	\$ 41,072
Other school districts	154,987
Total	<u>\$ 196,059</u>

GETTYSBURG AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 8 LONG-TERM LIABILITIES

Changes in long-term liabilities during the year ended June 30, 2021, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Long-Term Portion
Governmental Activities:						
General Obligation Bonds:						
(A) Series 2016	\$ 20,800,000	\$ -	\$ (2,830,000)	\$ 17,970,000	\$ 4,000,000	\$ 13,970,000
(D) Series 2020	-	21,580,000	(5,000)	21,575,000	5,000	21,570,000
General Obligation Notes - Direct Borrowing:						
(B) Series 2015	1,068,000	-	(1,068,000)	-	-	-
(C) Series 2017	9,655,000	-	(9,655,000)	-	-	-
(E) Series 2021	-	9,685,000	-	9,685,000	5,000	9,680,000
Bond premium	1,235,445	3,663,895	(550,236)	4,349,104	561,074	3,788,030
Subtotal bonds/notes payable	32,758,445	34,928,895	(14,108,236)	53,579,104	4,571,074	49,008,030
Compensated absences	1,773,912	334,125	(299,931)	1,808,106	90,405	1,717,701
Total long term liabilities	\$ 34,532,357	\$ 35,263,020	\$ (14,408,167)	\$ 55,387,210	\$ 4,661,479	\$ 50,725,731
Business- Type Activities:						
Compensated absences	59,960	10,500	(25,808)	44,652	2,233	42,419
Total long term liabilities	\$ 59,960	\$ 10,500	\$ (25,808)	\$ 44,652	\$ 2,233	\$ 42,419

Bonds/Notes Payable

The following is a summary of bonds/notes payable at June 30, 2021:

Date of Issue	Last Maturity Date	Interest Rate	Outstanding Face Amount
A) August 20, 2015- Series of 2015	November 15, 2020	1.87%	\$ -
B) December 22, 2016 - Series of 2016	January 15, 2026	0.85% - 4.00%	17,970,000
C) February 15, 2017 - Series of 2017	January 15, 2027	2.28%	-
D) May 18, 2020 - Series of 2020	April 1, 2036	0.35% - 4.00%	21,575,000
E) March 15, 2021 - Series of 2021	January 15, 2027	0.85%	9,685,000
			<u>\$ 49,230,000</u>

(A) On August 20, 2015, the School District issued General Obligation Note, Series of 2015 in the aggregate amount of \$ 7,246,000. The proceeds of the note were used to refund the School District's General Obligation Bonds, Series of 2009 and 2010 and the related costs of issuance. This note was paid off during the year.

(B) On December 22, 2016, the School District issued General Obligation Bond, Series of 2016 in the aggregate amount of \$ 24,145,000. The proceeds of the bond were used to partially refund the School District's General Obligation Bonds, Series of 2011 and the related costs of issuance.

(C) On February 15, 2017, the School District issued General Obligation Note, Series of 2017 in the aggregate amount of \$ 10,000,000. The proceeds of the note were used to refund the School District's General Obligation Bonds, Series of 2011 and the related costs of issuance. This note was refunded by the School District's General Obligation Note, Series of 2021.

(D) On September 16, 2020, the School District issued General Obligation Bond, Series of 2020 in the aggregate amount of \$ 21,580,000. The proceeds of the bond are to be used towards the School District's HVAC project and the relate costs of the issuance.

(E) On March 15, 2021, the School District issued General Obligation Note, Series of 2021 in the aggregate amount of \$ 9,685,000. The proceeds of the note were used to refund the School District's General Obligation Note, Series of 2017 and the related costs of issuance.

GETTYSBURG AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

Bonds/Notes Payable (Continued)

The School District's general obligation bond and notes contain a provision that in the event of default for non-payment of principal and interest, the School Code allows for the Commonwealth of Pennsylvania to withhold monies from the School District subsidies and pay any past due amounts directly to the paying agent for payment to the bond holders.

A schedule of the School District's debt service requirements as of June 30, 2021, which are financed by the General Fund, are as follows:

Year Ending June 30	Bonds		Direct Borrowings		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 4,005,000	\$ 1,579,520	\$ 5,000	\$ 58,540	\$ 4,010,000	\$ 1,638,060
2023	4,150,000	1,433,600	5,000	82,280	4,155,000	1,515,880
2024	4,340,000	1,246,200	170,000	82,238	4,510,000	1,328,438
2025	4,540,000	1,041,900	250,000	80,792	4,790,000	1,122,692
2026	960,000	815,100	4,065,000	78,668	5,025,000	893,768
2027-2031	8,720,000	3,584,750	5,190,000	44,116	13,910,000	3,628,866
2032-2036	12,830,000	1,579,600	-	-	12,830,000	1,579,600
	<u>\$ 39,545,000</u>	<u>\$ 11,280,670</u>	<u>\$ 9,685,000</u>	<u>\$ 426,634</u>	<u>\$ 49,230,000</u>	<u>\$ 11,707,304</u>

Interest expense totaled \$ 1,617,979 for the year ended June 30, 2021.

Compensated Absences

Professional

Contractual provisions with the bargaining unit members of the Gettysburg Area Education Association's employees require that each employee shall be granted four scheduled workdays of personal leave of absence per year, without loss of pay. These employees may choose to carry over a maximum of one day to the following year (with a maximum balance of five days) and/or add any remaining unused personal leave days to the previously accumulated sick leave of the employee for the following years.

Contractual provisions for these employees also require that when an employee gives proper notice, retires and accepts an annuity from the Public School Employees' Retirement Board and has a minimum of twenty years public school service or is fifty-five years of age or older, he/she will receive a benefit per a formula to a maximum of \$ 16,000 at the time of retirement or \$ 100 for each unused and accumulated sick day as of the retirement date, with the maximum to be paid under this option being \$ 20,000; whichever is greater. The formula is .0075 times his/her highest year's salary times the number of years' experience acquired in the School District or component school districts. The value of this retirement benefit as of June 30, 2021, totals \$ 1,422,031 and is recorded on the Statement of Net Position.

Administrative

Per a written agreement under Pennsylvania Act 93 of 1984 and Board Policy, administrative employees are entitled to retirement benefit according to the same formula as that provided for professional employees above or based on the current substitute daily rate multiplied by the number of unused sick days at the time of retirement, whichever is greater. In no case shall this payment exceed \$ 20,000. As of June 30, 2021, this retirement benefit totals \$ 161,581 and is recorded on the Statement of Net Position.

GETTYSBURG AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

Compensated Absences (Continued)

Classified

School District policy entitles classified employees to retirement terminal pay at retirement when they provide proper notice and accept an annuity from the Public School Employees' Retirement Board and have a minimum of 10 years' service to the School District. The calculation for this payment is the greater of the following:

Option 1 - Based on Unused Sick Days

\$ 50 for each unused sick day for full time employees and \$ 30 for each unused sick day for part time employees. The maximum amounts are \$ 15,000 for full-time and \$ 9,000 for part-time.

Option 2 - Based on Years of Service

The minimum amounts are based solely upon years of service for full time and part time employees. The minimum amounts are as follows:

	Full Time	Part Time
For 10 years of service to the School District	\$ 1,000	\$ 500
For 15 years of service to the School District	2,000	1,000
For 20 years of service to the School District	3,000	1,500
For 25 years of service to the School District	4,000	2,000
For 30 years of service to the School District	5,000	2,500
For 35 years of service to the School District	6,000	3,000

As of June 30, 2021, the amount of accumulated retirement pay for General Fund Employees was \$ 224,494 and is recorded on the Statement of Net Position. Likewise, Food Service Fund employees' accumulated retirement terminal pay totaled \$ 44,652 and is recorded in the Food Service Fund.

NOTE 9 DEFINED BENEFIT 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 "System"). The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.state.pa.us.

NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of services 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 in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Act 5 of 2017 (Act 5) introduced a hybrid benefit plan with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, Membership Class DC (Class DC).

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

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

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

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

GETTYSBURG AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions

Member Contributions

Active members who joined the System prior to July 22, 1983 contribute at 5.25% (Membership Class T-C) or at 6.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System on or after July 22, 1983, and who were active or inactive as of July 1, 2001 contribute at 6.25% (Membership Class T-C) or at 7.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System after June 30, 2001 and before July 1, 2011, contribute at 7.50% (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

Members who joined the System after June 30, 2011 automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

Members who joined the System after June 30, 2019, are defaulted into Membership Class T-G rate of 8.25% (base rate) of the member's qualifying compensation. Members may elect Class T-H which has a rate of 7.50%. Each of these classes are a hybrid of defined benefit and defined contribution plans. Members may also elect Class DC, which is a defined contribution plan with a rate of 7.50%.

Employer Contributions:

The School District's contractually required contribution rate for fiscal year ended June 30, 2021 was 33.69% of covered payroll. This is actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School District were \$ 8,213,967 for the year ended June 30, 2021. In addition, the School District's contribution related to the defined contribution plan was \$ 29,481 for the year ended June 30, 2021.

State Funding:

The School District typically receives a 50% reimbursement from the Commonwealth of Pennsylvania for 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, 2021, the School District recognized revenue of \$ 4,138,596 as reimbursement for its current year pension and OPEB payments.

GETTYSBURG AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

At June 30, 2021, the School District reported a liability of \$ 81,982,963 for its proportionate share of the System’s total net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2019 to June 30, 2020. The School District’s proportion of the net pension liability was calculated utilizing the employer’s one-year reported covered payroll as it related to the total one-year reported covered payroll. At June 30, 2020, the School District’s proportion was 0.1665 percent, which was an increase of 0.0008 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the School District recognized pension expense as follows:

Governmental Activities	\$ 7,855,949
Business-Type Activities/Food Service Fund	399,018

At June 30, 2021, 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	\$ 214,000	\$ 1,965,000
Net difference between projected and actual investment earnings	3,603,000	-
Changes in proportionate share - plan	877,000	682,000
Changes in proportionate share - governmental activities/business -type activities	448,828	448,828
Difference between employer contributions and proportionate share of total contributions	77,192	12,306
Contributions subsequent to the measurement date	8,291,687	-
	<u>\$ 13,511,707</u>	<u>\$ 3,108,134</u>

NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

\$ 8,291,687 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, 2022. 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:	
2022	\$ (688,468)
2023	560,596
2024	1,169,758
2025	<u>1,070,000</u>
Total	<u>\$ 2,111,886</u>

Changes in Actuarial Assumptions

The total pension liability as of June 30, 2020 was determined by rolling forward the System's total pension liability as of the June 30, 2019 to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level % of pay
- Investment return - 7.25%, includes inflation at 2.75%
- Salary growth - Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit and seniority increases
- Mortality rates were 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.
- The actuarial assumptions used in the June 30, 2020 valuation were based on an experience study that was performed over a five-year period ending June 30, 2015.

Investments

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

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

GETTYSBURG AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Investments (Continued)

The following 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, 2021:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public equity	15.0%	5.2%
Private equity	15.0%	7.2%
Fixed income	36.0%	1.1%
Commodities	8.0%	1.8%
Absolute return	10.0%	2.5%
Infrastructure/MLPs	6.0%	5.7%
Real estate	10.0%	5.5%
Risk Parity	8.0%	3.3%
Cash	6.0%	(1.00%)
Financing (LIBOR)	<u>(14.0%)</u>	(0.7%)
	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contributions rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability, calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.25%) or 1 percentage-point higher (8.25%) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
School District’s proportionate share of the net pension liability	<u>\$ 101,430,000</u>	<u>\$ 81,982,963</u>	<u>\$ 65,508,000</u>

Pension Plan Fiduciary Net Position

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

GETTYSBURG AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Payables to the Pension Plan

As of June 30, 2021, the School District had \$ 3,184,609 included in accrued benefits liability, of which \$ 2,363,126 is for the contractually required contribution for the second quarter of 2021 and \$ 821,483 is related to the accrued payroll liability for wages incurred as of June 30, 2021.

NOTE 10 OTHER POST-EMPLOYMENT BENEFITS

Plan Descriptions – School District Plan

Name of Plan: Gettysburg Area School District Postemployment Benefits Plan.

Type of Plan: Single employer defined OPEB plan.

Financial Report: The School District obtains a comprehensive bi-annual financial report that includes the actuarial valuation and required supplementary information for the plan. A copy of the report may be obtained by writing to Conrad Siegel Actuaries, 501 Corporate Circle, P.O. Box 5900, Harrisburg, PA 17110-0900.

Date of report: The actuarial valuation was completed as of July 1, 2020 and then rolled forward to July 1, 2021.

Summary of Plan Provisions

- Former Superintendent
 - Eligibility: N/A - Already retired
 - Coverage: Medical, prescription drug, dental and vision
 - Premium sharing: The School District will contribute 50% of the annual school district family premium toward coverage.
 - Dependents: Spouses included
 - Duration: Until the Member reaches Medicare age
- Current Superintendent
 - Eligibility: Must be eligible for PSERS retirement
 - Coverage: Medical, prescription drug, dental and vision
 - Premium Sharing: The School District will contribute 65% of the annual School District single premium toward coverage. School District contributions will trend up with medical premiums. The School District subsidy will run until age sixty-five (65) years. All benefits regarding such health care afforded to the administrative employees and retirees, as provided within the Act 93 agreement.
 - The premium amount paid by the retiree are offset by a percentage of the HSA contribution paid to active employees. The percentage paid by the School District is the same chart as above.
 - Dependents: N/A
 - Duration: Until the Member reaches Medicare age or the exhaustion of the 10 year School District subsidiary period

NOTE 10 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Plan Descriptions – School District Plan (Continued)

Summary of Plan Provisions (Continued)

- Current Superintendent Assistant
 - Eligibility: Must be eligible for PSERS Retirement
 - Coverage: Medical, prescription drug, dental and vision
 - Premium Sharing: The School District will contribute 65% of the premium based on the tier the member was at during the last year of their employment. The tier of coverage used to determine the School District subsidy may not be higher than the actual tier of coverage that is elected.
 - The premium amount paid by the retiree is offset by a percentage of the HSA contribution paid to active employees. The percentage paid by the School District is the same as the chart above.
 - The School District subsidy will run ten years from the date of retirement at which point the retiree and spouse may continue coverage at their own expense until they reach Medicare age. If the member or spouse reaches Medicare age before the subsidiary period is exhausted, the participants portion of the School District subsidy (as calculated using the School Districts non-Medicare plan premium) may be used to pay for the Medicare premium and/or Medicare supplemental plane purchased through the School District or PSERS. The School Districts contribution or a participant post-65 may not exceed the premium paid for the Medicare supplemental plan and other Medicare benefits.
 - Dependents: Spouses and families Included.
 - Duration: Until the Member reaches Medicare age or the exhaustion of the 10 year School District subsidiary period
- All other Administrators
 - Eligibility: Must be eligible for PSERS Retirement
 - Eligibility: Must be eligible for PSERS retirement
 - Coverage: Medical, prescription drug, dental and vision
 - Premium sharing: The School District will contribute a percentage of the annual school district premium toward coverage. The School District contribution percentage is based on years with the School District as shown in the schedule below:
 - 7-9 years of service - 50% of the single premium
 - 10-14 years of service - 60% of the single premium
 - 15-19 years of service - 65% of the employee/spouse/child coverage premium cost.
 - 20+ years of service - 70% of the employee/spouse/child coverage premium cost.
 - The premium amount paid by the retiree is offset by a percentage of the HSA contribution paid to active employees. The percentage paid by the School District is the same as the chart above.
 - The School District subsidy will run ten years from the date of retirement at which point the retiree and spouse may continue coverage at their own expense until they reach Medicare age. If the member or spouse reaches Medicare age before the subsidiary period is exhausted, the participants portion of the School District subsidy (as calculated using the School Districts non-Medicare plan premium) may be used to pay for the Medicare premium and/or Medicare supplemental plane purchased through the School District or PSERS. The School Districts contribution or a participant post-65 may not exceed the premium paid for the Medicare supplemental plan and other Medicare benefits.

NOTE 10 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Plan Descriptions – School District Plan (Continued)

Summary of Plan Provisions (Continued)

- Dependents: Spouses and families included
- Duration: Duration: Until the Member reaches Medicare age or the exhaustion of the 10 year School District subsidiary period
- Teachers
 - Eligibility: Must be eligible for PSERS retirement
 - Coverage: Medical, prescription drug, and dental
 - Premium sharing: Member can continue coverage by paying COBRA premium rate for benefits above
 - Dependents: Spouses and families included
 - Duration: Until Member is eligible for Medicare
- Support Personnel
 - Eligibility: Must be eligible for PSERS retirement
 - Coverage: Medical, prescription drug, and dental
 - Premium sharing: Member can continue coverage by paying COBRA premium rate for benefits above
 - Dependents: Spouses and families included
 - Duration: Until Member is eligible for Medicare

*Act 110/43 Coverage and Premium Sharing: Retired employees are allowed to continue coverage for themselves and their dependents in the employer’s group health plan until the retired employee reaches Medicare age. In order to obtain coverage, retired employees must provide payment equal to the premium determined for the purpose of COBRA.

Plan Descriptions - PSERS

In addition to the other postemployment benefit detailed above, the Public School Employees’ Retirement System (PSERS) also provides a health insurance premium assistance program for all eligible employees, which is a governmental cost-sharing multiple employer defined benefit plan. Employer contribution rates for premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of premium assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$ 100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS’ health options program. Healthcare cost trends were applied to retirees receiving less than \$ 1,200 in annual premium assistance. The annual premium assistance reimbursement for qualifying retirees is capped at a maximum of \$ 1,200. As of June 30, 2020, there were no assumed future benefit increase 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.

GETTYSBURG AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 10 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Plan Participants

School District Plan

Active Participants	395
Vested Former Participants	5
Retired Participants	43
Total	<u>443</u>

Contributions

PSERS

The School District's contractually required contribution rate for the fiscal year ended June 30, 2021 was 0.82% 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 \$ 195,174 for the year ended June 30, 2021.

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 June 30, 2021 based on an actuarial valuation as of July 1, 2020. The plan has no assets that are accumulated in a trust that meets the criteria established in GASB Statement No. 75. At June 30, 2021, the School District reported a total OPEB liability of \$ 5,901,185.

For the year ended June 30, 2021, the School District recognized OPEB expense of \$ 614,860.

PSERS

At June 30, 2021, the School District reported a liability of \$ 3,597,961 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, 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, 2019 to June 30, 2020. The School District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2021, the School District's proportion was 0.1665 percent, which was an increase of 0.0008 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the School District recognized OPEB expense of \$ 176,339.

GETTYSBURG AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 10 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

PSERS (Continued)

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

	Total OPEB/Net	
	OPEB	OPEB Expense
School District Plan	\$ 5,901,185	\$ 614,860
PSERS	<u>3,597,561</u>	<u>176,339</u>
Total	<u>\$ 9,498,746</u>	<u>\$ 791,199</u>

Changes in the Total OPEB Liability

School District Plan

	Total OPEB Liability
Service Cost	\$ 442,742
Interest	219,934
Changes of benefit terms	(12,914)
Differences between expected and actual experience	(1,263,687)
Changes in assumptions	583,406
Benefit Payments	<u>(373,576)</u>
Net change in total OPEB liability	(404,095)
Total OPEB liability - beginning	<u>6,305,280</u>
Total OPEB liability - ending	<u>\$ 5,901,185</u>

Deferred Inflows and Outflows

School District Plan and PSERS

	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	\$ 217,458	\$ 1,158,380	\$ 33,000	\$ -	\$ 250,458	\$ 1,158,380
Changes in assumptions	613,227	130,846	147,000	79,000	760,227	209,846
Net difference between projected and actual investment earnings	-	-	6,000	-	6,000	-
Changes in proportions - plan	-	-	52,000	71,000	52,000	71,000
Changes in proportions - fund	-	-	8,798	8,798	8,798	8,798
Difference between employer contributions and proportionate share of total contributions	-	-	1,726	2,601	1,726	2,601
Contributions subsequent to the measurement date	277,400	-	196,806	-	474,206	-
	<u>\$ 1,108,085</u>	<u>\$ 1,289,226</u>	<u>\$ 445,330</u>	<u>\$ 161,399</u>	<u>\$ 1,553,415</u>	<u>\$ 1,450,625</u>

GETTYSBURG AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 10 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Deferred Inflows and Outflows (Continued)

School District Plan and PSERS (Continued)

An amount of \$ 474,206 is reported as deferred outflows of resources related to OPEB resulting from School District 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, 2022 related to the School District and PSERS plans, respectively. 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	School		
June 30:	District Plan	PSERS	Total
2022	\$ (34,902)	\$ 3,717	\$ (31,185)
2023	(34,902)	2,717	(32,185)
2024	(34,902)	2,717	(32,185)
2025	(34,902)	30,717	(4,185)
2026	(34,902)	33,165	(1,737)
Thereafter	<u>(284,029)</u>	<u>14,090</u>	<u>(269,939)</u>
Total	<u>\$ (458,539)</u>	<u>\$ 87,123</u>	<u>\$ (371,416)</u>

Actuarial Assumptions

School District Plan

Interest Rate - 1.86% based on S&P Municipal Bond 20 Year High Grade Rate Index at July 1, 2020.

Salary - An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of a 2.5% cost of living adjustment, 1% real wage growth, and for teachers and administrators a merit increase which varies by age from 0 to 2.75%.

Withdrawal - Rates of withdrawal vary by age, gender and years of service. Sample rates for employees with more than 10 years of service are shown below. Rates for new employees start at 22.9% for both men and women and decrease with age and service.

Age	Male Rate	Female Rate	Age	Male Rate	Female Rate
25	2.57%	5.02%	45	1.37%	1.65%
30	2.57%	4.02%	50	1.92%	2.06%
35	1.50%	2.85%	55	3.38%	3.11%
40	1.34%	1.60%	60	5.57%	6.40%

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 Buck Modified 2016 projection scale to reflect mortality improvement.

GETTYSBURG AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 10 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions (Continued)

School District Plan (Continued)

Disability - No disability was assumed.

Retirement - Assumed retirement rates are based on PSERS plan experience and vary by age, service and gender.

Age	Age 55 & 25 Years of Service		Superannuation	
	Male	Female	Male	Female
55	19%	19%	27%	10%
56	17%	17%	32%	30%
57	17%	17%	32%	30%
58	17%	17%	32%	35%
59	22%	21%	31%	36%
60	14%	17%	31%	36%
61	29%	30%	29%	31%
62	51%	61%	51%	61%
63	26%	26%	26%	26%
64	21%	22%	21%	22%
65	100%	100%	100%	100%

Percent of Eligible Retirees Electing Coverage in Plan - 100% of Administrators, 60% of Teachers and Support Staff, and 0% of Part-Time Employees are assumed to elect coverage. 50% of Vested Former Members who are Administrators are assumed to begin electing coverage at age 62, or age on valuation date if later.

Percent Married at Retirement - 35% of employees are assumed to be married and have a spouse covered by the plan at retirement. Non-spouse dependents are deemed to be immaterial.

Spouse Age - Wives are assumed to be two years younger than their husbands.

Per Capita Claims Cost - The per capita claims costs 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. Dental and vision costs are assumed to not vary with age or gender. The resulting costs are as follows:

Medical and Prescription Drug Combined			
Age	Males		Females
45-49	\$	7,497	\$ 10,827
50-54		9,929	12,237
55-59		12,093	12,804
60-64		15,781	14,709
65+		6,297	6,297

*Claims for those currently eligible for Medicare are assumed to be equal to the Medicare Supplement Plan Premium.

NOTE 10 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions (Continued)

School District Plan (Continued)

Retiree Contributions - Retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate. However, the first-year trend assumption was adjusted to account for short-term reserving purposes.

Health Care Cost Trend Rate - 65.5% in 2020 through 2023. Rates gradually decrease from 5.4% in 2024 to 4.0% in 2075 and later based on Society of Actuaries Long-Run Medical Cost Trend Model.

Actuarial Value of Assets - Equal to the Market Value of Assets

Actuarial Cost Method - Entry Age Normal - Under the Entry Age Normal Cost Method, the Normal Cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and assumed retirement age. The Accrued Liability as of the valuation date is the excess of the present value of future benefits over the present value of future Normal Cost. The Unfunded Accrued Liability is the excess of the Accrued Liability over the Actuarial Value of Assets. Actuarial gains and losses serve to reduce or increase the Unfunded Accrued Liability.

Participant Data - Based on census information as of April 2021. Due to timing of School District turnover, the data is believed to be representative of the population for the 2020-2021 school year.

PSERS

Actuarial Cost Method - Entry age normal - level % of pay

Interest Rate - 2.66% - S&P 20 year municipal bond rate

Salary - Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases

Mortality - 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

Percent of Eligible Retirees Electing Coverage in Plan - Eligible retirees will elect to participate pre-age 65 at 50% and eligible retirees will elect to participate post-age 65 at 70%

Health Care Cost Trend Rate - Applied to retirees with less than \$ 1,200 in premium assistance per year. Benefit capped at \$ 1,200 per year.

GETTYSBURG AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 10 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions (Continued)

Investment Return

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

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

	Target Allocation	Long-Term Expected Real Rate of Return
Cash	50.30%	(1.0)%
US Core Fixed Income	46.50%	(0.1)%
Non-US Developed Fixed	3.20%	(0.1)%
	<u>100.00%</u>	

The above was the Board’s adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2020.

Discount Rate

The discount rate used to measure the OPEB liability was 1.86% and 2.66% for the School District’s Plan and PSERS, respectively. The School District Plan is not funded, therefore, a rate of 1.86% similar to the S&P 20 year municipal bond rate as of July 1, 2020 is the applicable discount rate. Under the PSERS plan’s funding policy, contributions are structured for short term funding of premium assistance. The funding policy sets contribution rates necessary to assure solvency of premium assistance through the third fiscal year after the actuarial valuation date. The premium assistance account is funded to establish reserves that are sufficient 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 2.66% which represents the S&P 20 year municipal bond rate at June 30, 2020, was applied to all projected benefit payments to measure the total OPEB liability.

GETTYSBURG AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 10 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the 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.

	1% Decrease 0.86%	Current Discount Rate 1.86%	1% Increase 2.86%
School District's OPEB liability	\$ 6,296,271	\$ 5,901,185	\$ 5,524,772

	1% Decrease 1.66%	Current Discount Rate 2.66%	1% Increase 3.66%
PSERS' OPEB liability	\$ 4,102,000	\$ 3,597,561	\$ 3,180,000

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

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:

	1% Decrease	Current Rate	1% Increase
School District's OPEB liability	\$ 5,306,969	\$ 5,901,185	\$ 6,596,486

	1% Decrease	Current Rate	1% Increase
PSERS' OPEB liability	\$ 3,597,000	\$ 3,597,561	\$ 3,598,000

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 Plans

As of June 20, 2021, the School District had no amounts payable to the School District Plan. As of June 30, 2021, the School District had \$ 26,330 included in accrued benefits liability, of which \$ 19,538 is for the contractually required contribution for the second quarter of 2021 and \$ 6,792 is related to the accrued payroll liability for wages incurred as of June 30, 2021.

GETTYSBURG AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 11 OPERATING LEASES

In March 2018, the School District renewed its lease for their wide area network, which commenced in the 18/19 fiscal year and is for 60 months. Monthly payments for the lease are \$ 5,500.

In December 2020, the School District renewed a lease for their mailing machine. The lease is for sixty months and requires quarterly payments of \$ 411.

The School District also had two leases for photocopiers that expired during the year and were not renewed.

Minimum future lease payments required in succeeding fiscal years as of June 30, 2021, are as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2021	\$ 67,645
2022	67,645
2023	1,645
2034	1,645
2025	1,645
Thereafter	<u>822</u>
Total	<u>\$ 141,047</u>

Total rental expense related to these leases for the year ended June 30, 2021 was \$ 68,708; however, the School District also received e-rate discounts in the amount of \$ 33,148, which were netted against the total rental expenses for the year.

NOTE 12 COMMITMENTS AND CONTINGENCIES

Litigation

The School District is involved in several claims and lawsuits incidental to its operation. In the opinion of the administration and legal counsel, the eventual resolution and effect on the financial position of the School District is deemed to not be material.

Grants

The School District is party to various grants with Federal and State agencies which are subject to program and compliance audits by the grantors or under the Single Audit Act Amendments of 1996. Findings and questioned costs arising out of such audits are subject to the ultimate disposition by the grantor agency. In the opinion of the Administration, the ultimate resolution of any such matters will not have a material adverse effect on the financial position of the School District.

Construction in Progress

As described in Note 3, the School District is currently undertaking a HVAC project at the High School. The total project is approximately \$ 19,000,000, with the final phase is expected to be completed in August 2022. As of June 30, 2021, \$ 5,010,953 of the project was completed and included in construction in progress.

GETTYSBURG AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 13 PUBLIC ENTITY RISK POOL

The School District participates in a public entity risk pool to manage those risks associated with workers' compensation. The School District's responsibilities in the pool include the payment of all annual and supplementary payments in amounts established by the pool in accordance with the trust agreement as well as other responsibilities similar to those of commercial insurance. The pool agrees to administer the operation of the consortium including paying workers' compensation benefits, asset administration, establishment of an ongoing safety program and other similar services designed to reduce the School District's overall workers' compensation costs.

NOTE 14 LINCOLN BENEFIT TRUST

The School District joined the Lincoln Benefit Trust, a public entity risk pool currently operating as a claim-servicing pool, in order to reduce its risk of loss related to employee health care. The School District is liable for all claims up to \$ 125,000 for medical and \$ 100,000 for prescription drugs for each covered individual per calendar year. Claims incurred in excess of these thresholds are paid from a Stop Loss Pool Fund shared by all Trust members. The Trust purchased stop-loss insurance through the Pennsylvania Trust with coverage starting at \$ 300,000 per covered person. A portion of the School District's total contribution is transferred to the Pennsylvania Maxi-Pool Fund each month. Claims over \$ 300,000 and up to \$ 500,000 are paid from this fund on a shared risk basis. Stop loss insurance is purchased through an insurance carrier for \$ 500,000 and above per individual.

The School District pays premiums from the General Fund and Food Service Funds. At June 30, 2021, the School District's payments for funding to date have exceeded its claims; accordingly, the School District has a balance of \$ 3,782,644 due from the Lincoln Benefit Trust, which is recorded as a non-current asset in the amount of \$ 3,687,700 and \$ 94,944 in the General Fund and Food Service Fund, respectively.

The following is a summary of financial information (for all 20 member school districts) of the Lincoln Benefit Trust as of June 30, 2021:

Accumulated plan benefits payable	\$ 9,132,600
Net position available for benefits, net of accumulated plan benefits payable	<u>\$ 85,107,384</u>

The accumulated plan benefits payable represents estimated claims incurred, but not reported to the Plan Administrator at June 30, 2021. It is reasonably possible that actual benefit claims for all participating members will differ from the estimated amount, and the difference may be material to the financial position taken as a whole.

GETTYSBURG AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 15 - RESTATEMENT

The School District implemented a new standard requiring a restatement of previously reported liabilities as net position. A restatement was made to restate the beginning balances as follows:

	Custodial Fund
Net position - beginning (originally stated)	\$ -
Implementation of GASB 84 for Fiduciary Activities	<u>207,510</u>
Net position - ending (restated)	<u>\$ 207,510</u>

The School District performed a review of its fixed asset reports and depreciation calculations, that resulted in identifying capital assets that should have been previously capitalizes as well as corrections to depreciation previously calculated. A restatement was made to restate the beginning balances as follows:

	Governmental Activities
Net position - beginning (originally stated)	\$ (3,805,085)
Restatement of capital assets and accumulated depreciation	<u>737,627</u>
Net position - ending (restated)	<u>\$ (3,067,458)</u>
Total capital assets, net - beginning (originally stated)	\$ 75,371,472
Restatement of capital assets and accumulated depreciation	<u>737,627</u>
Total capital assets, net - beginning (restated)	<u>\$ 76,109,099</u>

REQUIRED SUPPLEMENTARY INFORMATION

GETTYSBURG AREA PUBLIC SCHOOL DISTRICT
Budgetary Comparison Schedule - General Fund
Year Ended June 20, 2021

	BUDGET		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL	(BUDGETARY /GAAP BASIS)	FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Local revenues	\$ 43,318,294	\$ 43,318,294	\$ 43,914,934	\$ 596,640
State program revenues	19,128,142	19,128,142	19,314,678	186,536
Federal program revenues	1,744,108	1,744,108	1,813,656	69,548
Total revenues	<u>64,190,544</u>	<u>64,190,544</u>	<u>65,043,268</u>	<u>852,724</u>
EXPENDITURES				
Regular programs	27,300,003	27,990,571	27,850,598	139,973
Special programs	8,953,378	8,217,509	8,217,196	313
Vocational programs	2,936,000	3,290,748	3,284,716	6,032
Other instructional programs	926,411	913,911	543,693	370,218
Nonpublic school programs	46,584	46,584	31,502	15,082
Pupil personnel services	1,828,364	1,830,180	1,729,554	100,626
Instructional staff services	1,911,206	1,901,595	1,789,358	112,237
Administrative services	3,716,268	3,558,634	3,531,504	27,130
Pupil health	611,574	611,974	541,741	70,233
Business services	849,434	882,457	872,772	9,685
Operation and maintenance of plant services	5,956,845	5,733,947	5,317,092	416,855
Student transportation services	3,169,331	3,169,531	3,070,878	98,653
Central and other support services	1,293,420	1,372,358	1,329,012	43,346
Other support services	24,400	34,589	38,213	(3,624)
Student activities	1,431,064	1,431,064	1,084,260	346,804
Community services	13,212	19,912	17,373	2,539
Facility acquisition and improvement	-	130,242	130,240	2
Debt service	5,157,206	5,157,206	5,573,142	(415,936)
Total expenditures	<u>66,124,700</u>	<u>66,293,012</u>	<u>64,952,844</u>	<u>1,340,168</u>
Excess (deficiency) of revenues over expenditures	\$ <u>(1,934,156)</u>	\$ <u>(2,102,468)</u>	\$ 90,424	\$ 2,192,892
OTHER FINANCING SOURCES (USES)				
Budgetary reserve	(400,000)	-	-	-
Special and extraordinary items	(1,500,000)	(1,500,000)	-	1,500,000
Sale of fixed assets	2,000	7,392	7,392	-
Interfund transfers out	(1,198,478)	(1,430,166)	(1,430,166)	-
Total other financing sources (uses)	<u>(3,096,478)</u>	<u>(2,922,774)</u>	<u>(1,422,774)</u>	<u>1,500,000</u>
Net change in fund balances	\$ <u>(5,030,634)</u>	\$ <u>(5,025,242)</u>	(1,332,350)	\$ <u>3,692,892</u>
FUND BALANCE - BEGINNING			24,939,252	
Fund balance - ending			\$ <u>23,606,902</u>	

GETTYSBURG AREA PUBLIC SCHOOL DISTRICT
Schedule of School District's Proportionate Share of Net Pension Liability - Public School Employees' Retirement System

For the Fiscal Year Ended June 30	School District's Proportion of the Net Pension Liability (Asset)	School District's Proportionate Share of the Net Pension Liability (Asset)	School District's Covered Payroll - Measurement Period	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
2021	0.1665%	\$ 81,982,963	\$ 23,409,458	350.21%	54.32%
2020	0.1657%	77,519,000	22,856,974	339.15%	55.66%
2019	0.1632%	78,344,000	21,983,742	356.37%	54.00%
2018	0.1685%	83,219,000	22,439,996	370.85%	51.84%
2017	0.1692%	83,850,000	21,913,594	382.64%	50.14%
2016	0.1679%	72,726,000	21,598,921	336.71%	54.36%
2015	0.1664%	65,862,000	21,233,925	310.17%	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

Effective for fiscal year 2016-2017:

Investment rate of return adjusted from 7.50% to 7.25%

Inflation assumption decreased from 3.00% to 2.75%

Salary growth changed from an effective average of 5.50%, which comprised of inflation of 3.00% real wage growth for merit or seniority increases of 2.50%, to an effective average of 5.00%, comprised of inflation of 2.75% for real growth and for merit and seniority increases

Mortality rates modified from the RP-200 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females to 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. For disabled annuitants the RP-2000 Combined Disabled Tables (male and females) with age set back 7 years for males and 3 years for females to the RP-2014 Mortality Tables for males and females, adjusted to reflect the PSERS experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

GETTYSBURG AREA PUBLIC SCHOOL DISTRICT
Schedule of School District's Contributions – Public School Employees' Retirement System

For the Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll - Fiscal Year	Contributions as a Percentage of Covered Payroll
2021	\$ 8,213,967	\$ 8,213,967	\$ -	\$ 23,801,701	34.51%
2020	7,809,395	7,809,395	-	23,409,458	33.36%
2019	7,483,351	7,483,351	-	22,856,974	32.74%
2018	7,013,966	7,013,966	-	21,983,742	31.91%
2017	6,383,469	6,383,469	-	22,439,996	28.45%
2016	5,453,555	5,453,555	-	21,913,594	24.89%
2015	4,485,349	4,485,349	-	21,598,921	20.77%

NOTES

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

GETTYSBURG AREA PUBLIC SCHOOL DISTRICT
Schedule of Changes in the School District's Total OPEB Liability and Related Ratios -
School District's Plan

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 442,742	\$ 443,517	\$ 310,240	\$ 303,397
Interest	219,934	192,424	177,115	135,164
Changes in benefit terms	(12,914)	-	237,811	-
Differences between expected and actual experience	(1,263,687)	-	289,944	-
Changes in assumptions	583,406	(157,017)	20,784	98,766
Benefit payments	(373,576)	(408,666)	(325,602)	(300,015)
Net change in total OPEB liability	<u>(404,095)</u>	<u>70,258</u>	<u>710,292</u>	<u>237,312</u>
Total OPEB liability - beginning	<u>6,305,280</u>	<u>6,235,022</u>	<u>5,524,730</u>	<u>5,287,418</u>
Total OEPB liability - ending	<u>\$ 5,901,185</u>	<u>\$ 6,305,280</u>	<u>\$ 6,235,022</u>	<u>\$ 5,524,730</u>
Covered employee payroll	\$ 23,126,468	N/A	\$ 21,884,738	\$ 20,774,232
Total OPEB liability as a percentage of covered payroll	25.52%	N/A	28.49%	26.59%

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 the School District plan, the measurement period year-end is one year prior to the fiscal year-end.

N/A: Information not available

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

GETTYSBURG AREA PUBLIC 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
2021	0.1665%	\$ 3,597,561	\$ 23,409,458	15.37%	5.69%
2020	0.1657%	3,524,000	22,856,974	15.42%	5.56%
2019	0.1632%	3,403,000	21,983,742	15.48%	5.56%
2018	0.1685%	3,433,000	22,439,996	15.30%	5.73%

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.

GETTYSBURG AREA PUBLIC SCHOOL DISTRICT
Schedule of School District's OPEB Contributions – Public School Employees' Retirement System

For the Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll - Fiscal Year	Contributions as a Percentage of Covered Payroll
2021	\$ 195,174	\$ 195,174	\$ -	\$ 23,801,701	0.82%
2020	190,734	190,734	-	23,409,458	0.81%
2019	185,797	185,797	-	22,856,974	0.81%
2018	178,741	178,741	-	21,983,742	0.81%

NOTES

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

OTHER SUPPLEMENTARY INFORMATION

GETTYSBURG AREA PUBLIC SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
Year Ended June 20, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Source Code	Federal CFDA Number	Pass-Through Grantor's Number	Grant Period Beginning/ Ending Date	Program or Award Amount	Net Funds Received (Refunded) for the Year	Accrued (Deferred) Revenue at July 1, 2020	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue at June 30, 2021	Total Passed Through to Subrecipients
DEPARTMENT OF EDUCATION											
Passed Through Pennsylvania Department of Education											
Title I - Improving Basic Programs	I	84.010	FA-013-20-0164	8/21/19-9/30/20	\$ 687,068	\$ 907	\$ 907	\$ -	\$ -	\$ -	\$ -
Title I - Improving Basic Programs	I	84.010	FA-013-21-0164	7/21/20-9/30/21	637,852	584,014	-	637,852	637,852	53,838	-
Title I						584,921	907	637,852	637,852	53,838	-
Title II - Improving Teacher Quality	I	84.367	FA-020-20-0164	8/22/19-9/30/20	122,363	64,820	66,789	-	-	1,969	-
Title II - Improving Teacher Quality	I	84.367	FA-020-21-0164	07/21/20-09/30/21	108,811	68,302	-	108,811	108,811	40,509	-
Title II						133,122	66,789	108,811	108,811	42,478	-
Title III - English Language Acquisition Grants	I	84.365	FA-010-21-0164	07/21/20-09/30/21	24,356	17,861	-	24,356	24,356	6,495	-
Title IV - Student Support & Academic Achievement	I	84.424	FA-144-20-0164	07/25/19-9/30/20	62,623	29,224	29,224	-	-	-	-
Title IV - Student Support & Academic Achievement	I	84.424	FA-144-21-0164	07/21/20-09/30/21	62,659	33,418	-	62,659	62,659	29,241	-
Title IV						62,642	29,224	62,659	62,659	29,241	-
Perkins Career and Tech Educ - Basic Grants to States	I	84.048A	380-20-0012	7/23/19-6/30/20	108,860	18,144	18,144	-	-	-	-
Perkins Career and Tech Educ - Basic Grants to States	I	84.048A	380-21-0012	07/23/20-06/30/21	107,782	89,818	-	107,782	107,782	17,964	10,189
Perkins						107,962	18,144	107,782	107,782	17,964	10,189
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER I)	I	84.425D	FA-200-20-0164	3/13/20-9/30/21	678,597	678,597	142,600	535,997	535,997	-	-
COVID-19 aTSI Governor's Emergency Relief Fund (GEER)	I	84.425C	254-20-0164	3/13/20-9/30/21	57,168	27,080	-	31,522	31,522	4,442	-
Total Education Stabilization Cluster						705,677	142,600	567,519	567,519	4,442	-
Passed through Intermediate Units											
Special Education Grants to States (IDEA-B)	I	84.027	HA27A200093	7/1/20-6/30/21	385,842	385,842	-	385,842	385,842	-	-
Special Education Grants to States (IDEA 619)	I	84.173A	FA-131-20-0012	07/1/20-06/30/21	7,200	7,200	-	7,200	7,200	-	-
Passed Through Pennsylvania Department of Education											
COVID-19 Special Education Impact Mitigation	I	84.027	252-20-0164	3/13/20-9/30/21	12,011	6,406	-	12,011	12,011	5,605	-
Total Special Education Cluster						399,448	-	405,053	405,053	5,605	-
Total U.S. Department of Education						2,011,633	257,664	1,914,032	1,914,032	160,063	10,189
DEPARTMENT OF TREASURY											
Passed Through Pennsylvania Commission on Crime and Delinquency											
COVID-19 School Health and Safety Grant	I	21.019	2020-CS-01-34243	3/1/20-10/30/20	240,524	240,524	-	240,524	240,524	-	-
Total U.S. Department of Treasury						240,524	-	240,524	240,524	-	-
DEPARTMENT OF AGRICULTURE											
Child Nutrition Cluster											
Passed through Pennsylvania Department of Education											
Fresh Fruit & Vegetables	I	10.582	353	7/1/20-6/30/21	9,496	9,155	-	9,496	9,496	341	-
School Breakfast Program	I	10.553	365	7/1/20-6/30/21	5,203	5,203	-	5,203	5,203	-	-
COVID-19 Summer Food Service Program for Children	I	10.559	264	7/1/20-6/30/21	951,048	955,183	23,479	951,048	951,048	19,344	-
COVID-19 National School Lunch Program - cash	I	10.555	362	7/1/20-6/30/21	24,184	24,184	-	24,184	24,184	-	-
Passed through Pennsylvania Department of Agriculture											
National School Lunch Program - commodities	I	10.555	N/A	7/1/20-6/30/21	98,552	98,552	(39,092)	137,644	137,644	-	-
Total Child Nutrition Cluster					1,078,987	1,083,122	(15,613)	1,118,079	1,118,079	19,344	-
Total Department of Agriculture					1,088,483	1,092,277	(15,613)	1,127,575	1,127,575	19,685	-
DEPARTMENT OF DEFENSE											
Passed through Department of Army											
Junior ROTC	I	12.000	N/A	7/1/19-6/30/20	77,775	6,787	6,787	-	-	-	-
Junior ROTC	I	12.000	N/A	7/1/20-6/30/21	52,142	48,055	-	52,142	52,142	4,087	-
Total passed through Department of the Army						54,842	6,787	52,142	52,142	4,087	-
Total Federal Assistance						\$ 3,399,276	\$ 248,838	\$ 3,334,273	\$ 3,334,273	\$ 183,835	\$ 10,189

GETTYSBURG AREA PUBLIC SCHOOL DISTRICT
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 20, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. The accompanying schedule of federal awards includes the federal grant activity of Gettysburg Area School District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.
2. The School District has not elected to use the 10% de minimis rate for charging indirect costs to programs.

NOTE 2 SOURCE CODES

- D = Direct Funding
I = Indirect Funding



INDEPENDENT AUDITORS' 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 Education
Gettysburg Area School District
Gettysburg, Pennsylvania

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Gettysburg Area School District, as of, and for the year ended, June 30, 2021, and the related notes to the financial statements, which collectively comprise Gettysburg Area School District's basic financial statements, and have issued our report thereon dated March 15, 2022.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

Compliance and Other Matters

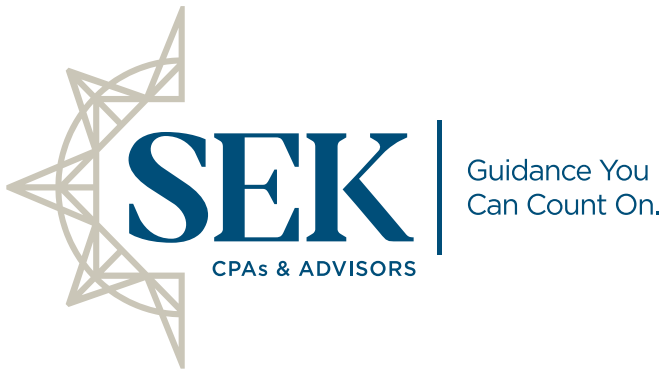
As part of obtaining reasonable assurance about whether Gettysburg Area School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a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

Purpose of This Report

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

Smith Elliott Kearns + Company, LLC

York, Pennsylvania
March 15, 2022



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

Board of Education
Gettysburg Area School District
Gettysburg, Pennsylvania

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited Gettysburg Area 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 Gettysburg Area School District's major federal programs for the year ended June 30, 2021. Gettysburg Area School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Gettysburg Area School District's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Gettysburg Area School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Gettysburg Area School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Gettysburg Area School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of Gettysburg Area School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Gettysburg Area School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Gettysburg Area School District's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Smith Elliott Hearn & Company, LLC

York, Pennsylvania
March 15, 2022

GETTYSBURG AREA SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses(es)? _____ Yes X No

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses(es)? _____ Yes X No

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

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

Identification of the major programs:

CFDA Number(s)	Name of Federal Programs/Cluster
84.027, 84.173A 84.425C, 84.425D	Special Education Cluster Education Stabilization Cluster

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

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

Section II – Financial Statement Findings

A. Significant deficiencies

None noted

B. Material Weaknesses

None noted

C. Compliance Findings

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

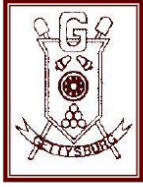
Section III – Federal Award Findings and Questioned Costs

A. Material Weaknesses in Internal Control Over Compliance

None noted

B. Compliance Findings

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



GETTYSBURG AREA SCHOOL DISTRICT

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Summary Schedule of Prior Audit Findings Year Ended June 30, 2021

Findings related to financial statements:

None reported in the June 30, 2020 Schedule of Findings and Questioned Costs.

Findings related to federal awards:

None reported in the June 30, 2020 Schedule of Findings and Questioned Costs.