

Audited
Financial
Statements

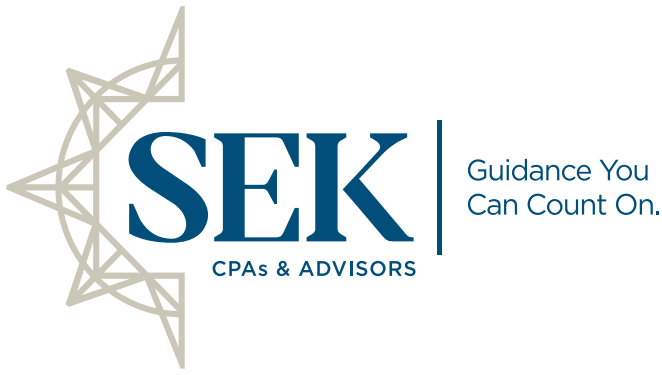
June 30,
2022

Gettysburg Area School District



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Gettysburg Area School District
Gettysburg, Pennsylvania

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gettysburg Area School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Gettysburg Area School District, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As discussed in Note 1 to the financial statements, for the year ended June 30, 2022, Gettysburg Area School District adopted new accounting guidance, *GASBS No. 87, Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Gettysburg Area School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Gettysburg Area School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 14, the General Fund Budgetary Comparison Schedule on page 60, and the pension and OPEB schedules on pages 61 - 65 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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 not a required part of the basic financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2023, 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 Kearns + Company, LLC

York, Pennsylvania
February 13, 2023

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, 2022. 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 2021-2022, 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. The results of operation of the General Fund showed actual revenues and other financing sources received of \$ 68,509,506 fell short of the originally budgeted revenue projections of \$ 68,951,914 by \$ 442,408 or 0.64%. Of this difference, local revenues were over budget by \$ 1,937,706, state revenues were under budget by \$ 659,505, federal revenues were under budget by \$ 1,735,343 in federal revenues, and other revenues were over budget by \$ 14,734.

General Fund actual expenditures and other financing uses of \$ 68,851,664 were less than the original budget of \$ 73,146,401 by \$ 4,294,737 or 5.87%. Expenditures were under the final budget by \$ 2,484,986 and other financing uses were under budget by \$ 1,809,751. This was related to the budgetary reserve being under budget by \$ 1,236,469, interfund transfers being over budget by \$ 144,648, and special and extraordinary items being under budget by \$ 717,930.

For the fiscal year ended June 30, 2022, the General Fund had a decrease in fund balance of \$ 342,158.

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 2021-2022, 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 AND OTHER INFORMATION

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. In addition to the basic financial statements and accompanying notes, this report presents certain 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, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$ 3,259,104 as of June 30, 2022. Table A-1 presents a summary of the School District's net position for the fiscal years ended June 30, 2021 and 2022.

Table A-1
Net Position

	Fiscal Year Ended June 30, 2021 (restated)			Fiscal Year Ended June 30, 2022		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 62,360,071	\$ 2,081,543	\$ 64,441,614	\$ 76,788,644	\$ 2,591,313	\$ 79,379,957
Capital assets	78,478,157	510,150	78,988,307	86,609,927	690,387	87,300,314
Deferred outflows of resources	15,364,179	320,495	15,684,674	15,366,923	427,433	15,794,356
Total assets and deferred outflows of resources	\$ 156,202,407	\$ 2,912,188	\$ 159,114,595	\$ 178,765,494	\$ 3,709,133	\$ 182,474,627
Current liabilities	\$ 15,008,352	\$ 86,488	\$ 15,094,840	\$ 14,365,131	\$ 81,216	\$ 14,446,347
Long-term liabilities	140,523,814	1,726,045	142,249,859	149,679,725	1,584,995	151,264,720
Deferred inflows of resources	3,932,383	340,558	4,272,941	13,038,675	465,781	13,504,456
Total liabilities and deferred inflows of resources	\$ 159,464,549	\$ 2,153,091	\$ 161,617,640	\$ 177,083,531	\$ 2,131,992	\$ 179,215,523
Net position						
Net investment in capital assets	\$ 45,775,831	\$ 510,150	\$ 46,285,981	\$ 46,342,118	\$ 690,387	\$ 47,032,505
Restricted	10,623,976	94,944	10,718,920	2,650,739	83,673	2,734,412
Unrestricted	(59,661,949)	154,003	(59,507,946)	(47,310,894)	803,081	(46,507,813)
Total net position	\$ (3,262,142)	\$ 759,097	\$ (2,503,045)	\$ 1,681,963	\$ 1,577,141	\$ 3,259,104

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.

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, 2022, were \$ 71,432,668. The total cost of all programs and services was \$ 65,670,519. Table A-2 presents a summary of the changes in net position for the fiscal year ended June 30, 2021 and 2022.

Table A-2
Changes in Net Position

	Fiscal Year Ended June 30, 2021 (restated)			Fiscal Year Ended June 30, 2022		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenues						
Property taxes	\$ 33,970,251	\$ -	\$ 33,970,251	\$ 35,135,917	\$ -	\$ 35,135,917
Other taxes	7,851,455	-	7,851,455	8,478,750	-	8,478,750
Grants, subsidies and contributions:						
Unrestricted	8,213,303	-	8,213,303	8,526,327	-	8,526,327
Restricted - operating	12,998,069	1,230,466	14,228,535	14,875,555	2,372,424	17,247,979
Restricted - capital	333,117	-	333,117	346,551	-	346,551
Investment earnings	238,960	3,592	242,552	188,628	4,651	193,279
Refunds of prior year expenses	109,046	-	109,046	-	-	-
Miscellaneous income	7,171	-	7,171	22,007	-	22,007
Charges for services	1,158,510	61,672	1,220,182	1,249,413	232,445	1,481,858
Total revenues	\$ 64,879,882	\$ 1,295,730	\$ 66,175,612	\$ 68,823,148	\$ 2,609,520	\$ 71,432,668
Expenses						
Instruction	\$ 42,243,339	\$ -	\$ 42,243,339	\$ 40,420,020	\$ -	\$ 40,420,020
Instructional student support	4,515,204	-	4,515,204	4,662,992	-	4,662,992
Administrative and financial support	4,663,183	-	4,663,183	4,715,779	-	4,715,779
Operation and maintenance of plant	5,996,182	-	5,996,182	5,573,982	-	5,573,982
Pupil transportation	3,118,076	-	3,118,076	3,453,376	-	3,453,376
Central and other support services	1,610,607	-	1,610,607	1,880,130	-	1,880,130
Student activities	1,231,562	-	1,231,562	1,420,853	-	1,420,853
Community services	16,873	-	16,873	27,223	-	27,223
Debt service expenses	1,679,540	-	1,679,540	1,724,688	-	1,724,688
Food services	-	1,378,130	1,378,130	-	1,791,476	1,791,476
Total expenses	65,074,566	1,378,130	66,452,696	63,879,043	1,791,476	65,670,519
Change in net position	\$ (194,684)	\$ (82,400)	\$ (277,084)	\$ 4,944,105	\$ 818,044	\$ 5,762,149

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, 2021 (restated)		Fiscal Year Ended June 30, 2022	
	Total Expenses	Net Expense/ (Revenue)	Total Expenses	Net Expense/ (Revenue)
Governmental Activities				
Instruction	\$ 42,243,339	\$ 33,491,524	\$ 40,420,020	\$ 29,638,074
Instructional student support	4,515,204	3,875,036	4,662,992	3,727,093
Administrative and financial support	4,663,183	3,929,043	4,715,779	3,972,940
Operation and maintenance of plant	5,996,182	3,991,452	5,573,982	3,568,963
Pupil transportation	3,118,076	1,214,581	3,453,376	2,124,479
Central and other support services	1,610,607	1,610,607	1,880,130	1,880,130
Student activities	1,231,562	1,109,331	1,420,853	1,110,533
Community services	16,873	16,873	27,223	7,175
Interest on long-term debt	1,679,540	1,346,423	1,724,688	1,378,137
Total governmental activities	\$ 65,074,566	\$ 50,584,870	\$ 63,879,043	\$ 47,407,524
Less: Unrestricted grants, subsidies and contributions		(8,213,303)		(8,526,327)
Total needs from local taxes and other revenues		\$ 42,371,567		\$ 38,881,197

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, 2021 (restated)		Fiscal Year Ended June 30, 2022	
	Total Expenses	Net Revenue/ (Expense)	Total Expenses	Net Revenue/ (Expense)
Food services	\$ 1,378,130	\$ 85,992	\$ 1,791,476	\$ 813,393
Investment earnings		3,592		4,651
Total business-type activities - revenue/(loss)		\$ 89,584		\$ 818,044

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 \$ 65,941,786 an overall increase of \$ 15,243,710, however, General fund operations resulted in a net decrease in total fund balance of \$ 342,158. The primary reason for the General Fund results as explained earlier in the financial highlights section was mostly due to actual expenses being lower than projections which resulted in a much lower use of fund balance than planned with the 2021-2022 General Fund budget. Capital Projects Reserve Fund had a net increase in fund balance of \$ 642,419 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 \$ 14,947,240 related to timing of current capital projects and the School District issuing General Obligation Bond, Series of 2022.

Of the total governmental fund balance, \$ 5,067,796 or 7.69% 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, 2022 the School District included in its assigned fund balance its planned net use of fund balance, \$ 2,455,425 to balance the 2022-2023 final budget as approved by the Board of School Directors in June 2022.

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

	Fiscal Year Ended June 30, 2021					Fiscal Year Ended June 30, 2022				
	General Fund	Capital Projects Reserve Fund	Capital Projects Bond Construction Fund	Debt Service Fund	Total	General Fund	Capital Projects Reserve Fund	Capital Projects Bond Construction Fund	Debt Service Fund	Total
Nonspendable:										
Inventories	\$ 133,471	\$ -	\$ -	\$ -	\$ 133,471	\$ 111,947	\$ -	\$ -	\$ -	\$ 111,947
Prepaid expenses	264,878	-	-	-	264,878	198,617	-	-	-	198,617
Restricted:										
Lincoln Benefit Trust	3,687,700	-	-	-	3,687,700	2,650,739	-	-	-	2,650,739
Capital improvements	-	6,936,276	20,151,107	-	27,087,383	-	7,578,695	35,098,347	-	42,677,042
Committed:										
Capital improvements	5,750,000	-	-	-	5,750,000	6,467,930	-	-	-	6,467,930
Retirement/PSERS	3,375,149	-	-	-	3,375,149	3,058,105	-	-	-	3,058,105
Debt service	-	-	-	3,791	3,791	-	-	-	-	-
Assigned:										
Budgetary reserve	3,708,610	-	-	-	3,708,610	2,455,425	-	-	-	2,455,425
GASD Cyber School costs	-	-	-	-	-	250,000	-	-	-	250,000
Capital improvements	-	-	-	-	-	500,000	-	-	-	500,000
Future medical costs	-	-	-	-	-	1,000,000	-	-	-	1,000,000
Safety and security enhancements	-	-	-	-	-	189,185	-	-	-	189,185
Band uniforms	-	-	-	-	-	65,000	-	-	-	65,000
Technology improvements	-	-	-	-	-	500,000	-	-	-	500,000
Future borrowing costs	-	-	-	-	-	750,000	-	-	-	750,000
Sub-Totals	16,919,808	6,936,276	20,151,107	3,791	44,010,982	18,196,948	7,578,695	35,098,347	-	60,873,990
Unassigned:	6,687,094	-	-	-	6,687,094	5,067,796	-	-	-	5,067,796
Totals	\$ 23,606,902	\$ 6,936,276	\$ 20,151,107	\$ 3,791	\$ 50,698,076	\$ 23,264,744	\$ 7,578,695	\$ 35,098,347	\$ -	\$ 65,941,786

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 \$ 3,721,403 or about 5.51% of expenses for unplanned contingencies during the year as part of the original budget. This was adjusted to \$ 1,236,469 or about 1.76% of expenses as part of the final budget adjustments. 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 \$ 3,852,329 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 \$ 1,937,706 above estimates; however, in summary, overall revenues and other funding sources were \$ 442,408 under budget.

In expenses, salary and benefits were better than projected and were mostly a result of retirements and open or unfilled positions. Major object code 100, salaries, was \$ 946,247 better than projected. Benefits, as factor of salary, include PSERS and FICA, and employee medical benefits resulted in an overall \$ 196,854 cost above estimates. Special education costs for Lincoln Intermediate Unit educational services were \$ 783,951 better than projected, in part due to absorbing certain services into School District operations, however, charter school tuition costs exceeded our estimates by \$ 187,830. A \$ 717,930 budgeted expense was to recognize a planned multi-year commitment of funds toward future facility improvements. This was part of a multi-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 \$ 4,294,737 below budget.

GETTYSBURG AREA SCHOOL DISTRICT
Management's Discussion and Analysis (MD&A)
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CAPITAL ASSETS

As of June 30, 2022, the School District had invested \$ 156,179,187 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, 2022, is \$ 69,569,260, resulting in net capital assets of \$ 86,609,927.

The schedule in Table A-6 presents capital asset balances net of depreciation for the fiscal years ended June 30, 2021 and 2022, including Governmental and Business-Type (Food Service) funds.

Table A-6
Net Capital Assets

	Fiscal Year Ended June 30, 2021			Fiscal Year Ended June 30, 2022		
	Governmental Funds	Business-Type Funds	Total	Governmental Funds	Business-Type Funds	Total
Land, land improvements and infrastructure	\$ 2,612,336	\$ -	\$ 2,612,336	\$ 2,487,545	\$ -	\$ 2,487,545
Buildings and improvements	67,417,144	-	67,417,144	65,924,952	-	65,924,952
Vehicles, furniture, and equipment	2,290,281	510,150	2,800,431	2,027,992	690,387	2,718,379
Construction in progress	6,158,396	-	6,158,396	16,169,438	-	16,169,438
Total	\$ 78,478,157	\$ 510,150	\$ 78,988,307	\$ 86,609,927	\$ 690,387	\$ 87,300,314

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 \$ 68,875,000 in general obligation bonds and direct borrowings (notes), of which \$ 4,200,000 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, 2021 and 2022.

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, 2021	Fiscal Year Ended June 30, 2022
General obligation bonds	\$ 39,545,000	\$ 59,195,000
General obligation notes	9,685,000	9,680,000
Total	\$ 49,230,000	\$ 68,875,000

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

GETTYSBURG AREA SCHOOL DISTRICT
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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 2022. 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 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, 2022, is \$ 147,483,380, which exceeds the School District's outstanding general obligation debt by \$ 78,608,380.

Additional information on the School District's long-term liabilities can be found in Note 8 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.

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 with the recession to follow. The local real estate tax generates 46.60% of general fund revenues. Earned income is estimated to see an increase as the community's unemployment stays low, 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 as a possible recession unfolds.

GETTYSBURG AREA SCHOOL DISTRICT
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ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES (CONTINUED)

The revenue budget for the 2022-2023 year is overall \$ 1,365,114 less than the original budget for 2021-2022. This represents a slight change in assessment value and an increase in the tax rate, an increase in local revenue, state revenue, and a large decrease in federal funding. In terms of local revenue, the local real estate tax rate increased to 11.2589. 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. The expenditure budget for the 2022-2023 year is \$ 2,618,569 less than the original budget for 2021-2022, or a 3.5% decrease.

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, 2021		Fiscal Year Ended June 30, 2022		Fiscal Year Ended June 30, 2023	
	Amount	%	Amount	%	Amount	%
Budgeted revenues:						
Local sources	\$ 43,318,294	67.48%	\$ 44,006,772	63.82%	\$ 46,635,967	69.00%
State sources	19,128,142	29.80%	19,510,394	28.30%	19,932,917	29.49%
Federal sources	1,744,108	2.72%	5,427,475	7.87%	1,010,643	1.50%
Other sources	<u>2,000</u>	<u>0.00%</u>	<u>7,273</u>	<u>0.01%</u>	<u>7,273</u>	<u>0.01%</u>
Total	<u>\$ 64,192,544</u>	<u>100.00%</u>	<u>\$ 68,951,914</u>	<u>100.00%</u>	<u>\$ 67,586,800</u>	<u>100.00%</u>
Budgeted expenditures:						
Salaries and wages	\$ 24,693,032	35.66%	\$ 25,077,765	34.29%	\$ 25,862,961	36.66%
Employee benefits	17,364,410	25.08%	17,804,149	24.34%	18,016,599	25.55%
Professional services	6,401,085	9.25%	6,208,830	8.49%	5,499,102	7.80%
Property services	739,631	1.07%	775,041	1.06%	830,852	1.18%
Other purchased services	8,440,316	12.19%	8,728,457	11.93%	9,160,361	12.99%
Supplies	2,765,853	4.00%	2,799,259	3.83%	3,136,977	4.45%
Property and equipment	434,725	0.63%	244,316	0.33%	184,061	0.26%
Interest and other objects	1,672,648	2.42%	5,539,736	7.57%	1,834,071	2.60%
Other financing uses	<u>6,711,478</u>	<u>9.70%</u>	<u>5,968,848</u>	<u>8.16%</u>	<u>6,002,848</u>	<u>8.51%</u>
Total	<u>\$ 69,223,178</u>	<u>100.00%</u>	<u>\$ 73,146,401</u>	<u>100.00%</u>	<u>\$ 70,527,832</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, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 65,469,085	\$ 2,449,381	\$ 67,918,466
Investments	1,007,297	-	1,007,297
Interest receivable	18,530	-	18,530
Taxes receivable	2,194,267	-	2,194,267
Due from other governments	4,738,644	448	4,739,092
Internal balances	26,963	(26,963)	-
Other receivables	372,555	-	372,555
Inventories	111,947	84,624	196,571
Prepaid expenses	198,617	150	198,767
Total current assets	<u>74,137,905</u>	<u>2,507,640</u>	<u>76,645,545</u>
Noncurrent Assets			
Capital assets			
Land	1,530,471	-	1,530,471
Site improvements and infrastructure, net	957,074	-	957,074
Building and building improvements, net	65,924,952	-	65,924,952
Machinery, equipment and vehicles, net	2,027,992	690,387	2,718,379
Construction in process	16,169,438	-	16,169,438
Total capital assets, net	<u>86,609,927</u>	<u>690,387</u>	<u>87,300,314</u>
Lincoln Benefit Trust reserves	2,650,739	83,673	2,734,412
Total noncurrent assets	<u>89,260,666</u>	<u>774,060</u>	<u>90,034,726</u>
Total assets	<u>163,398,571</u>	<u>3,281,700</u>	<u>166,680,271</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>15,366,923</u>	<u>427,433</u>	<u>15,794,356</u>
	<u>\$ 178,765,494</u>	<u>\$ 3,709,133</u>	<u>\$ 182,474,627</u>
LIABILITIES			
Current Liabilities			
Due to other governments	\$ 337,640	\$ -	\$ 337,640
Accounts payable	1,263,614	17,029	1,280,643
Accrued salaries and benefits/withholdings	6,634,020	26,272	6,660,292
Accrued interest	736,562	-	736,562
Other current liabilities	405,763	36,181	441,944
Current portion of long-term debt	4,892,885	-	4,892,885
Current portion of compensated absences	94,647	1,734	96,381
Total current liabilities	<u>14,365,131</u>	<u>81,216</u>	<u>14,446,347</u>
Noncurrent Liabilities			
Long-term debt, net of current portion	70,519,287	-	70,519,287
Compensated absences, net of current portion	1,798,286	32,953	1,831,239
Net pension liability	67,493,538	1,399,657	68,893,195
Other post-employment benefits (OPEB) liability	9,868,614	152,385	10,020,999
Total noncurrent liabilities	<u>149,679,725</u>	<u>1,584,995</u>	<u>151,264,720</u>
Total liabilities	<u>164,044,856</u>	<u>1,666,211</u>	<u>165,711,067</u>
DEFERRED INFLOWS OF RESOURCES	<u>13,038,675</u>	<u>465,781</u>	<u>13,504,456</u>
NET POSITION (DEFICIT)			
Net investment in capital assets	46,342,118	690,387	47,032,505
Restricted	2,650,739	83,673	2,734,412
Unrestricted	(47,310,894)	803,081	(46,507,813)
Total net position	<u>1,681,963</u>	<u>1,577,141</u>	<u>3,259,104</u>
	<u>\$ 178,765,494</u>	<u>\$ 3,709,133</u>	<u>\$ 182,474,627</u>

GETTYSBURG AREA SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2022

	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	\$ 40,420,020	\$ 497,210	\$ 10,284,736	\$ -	\$ (29,638,074)	\$ -	\$ (29,638,074)
Instructional student support	4,662,992	6,767	929,132	-	(3,727,093)	-	(3,727,093)
Administrative and financial support services	4,715,779	68,330	674,509	-	(3,972,940)	-	(3,972,940)
Operation and maintenance of plant services	5,573,982	537,359	1,467,660	-	(3,568,963)	-	(3,568,963)
Pupil transportation	3,453,376	-	1,328,897	-	(2,124,479)	-	(2,124,479)
Central and other support services	1,880,130	-	-	-	(1,880,130)	-	(1,880,130)
Student activities	1,420,853	139,747	170,573	-	(1,110,533)	-	(1,110,533)
Community services	27,223	-	20,048	-	(7,175)	-	(7,175)
Debt service	<u>1,724,688</u>	<u>-</u>	<u>-</u>	<u>346,551</u>	<u>(1,378,137)</u>	<u>-</u>	<u>(1,378,137)</u>
Total governmental activities	<u>63,879,043</u>	<u>1,249,413</u>	<u>14,875,555</u>	<u>346,551</u>	<u>(47,407,524)</u>	<u>-</u>	<u>(47,407,524)</u>
Business-type activities:							
Food service	<u>1,791,476</u>	<u>232,445</u>	<u>2,372,424</u>	<u>-</u>	<u>-</u>	<u>813,393</u>	<u>813,393</u>
Total	<u>\$ 65,670,519</u>	<u>\$ 1,481,858</u>	<u>\$ 17,247,979</u>	<u>\$ 346,551</u>	<u>(47,407,524)</u>	<u>813,393</u>	<u>(46,594,131)</u>
GENERAL REVENUES							
Property taxes levied for general purposes, net					35,135,917	-	35,135,917
Other taxes					8,478,750	-	8,478,750
Grants, subsidies and contributions not restricted					8,526,327	-	8,526,327
Investment earnings					188,628	4,651	193,279
Miscellaneous income					<u>22,007</u>	<u>-</u>	<u>22,007</u>
					<u>52,351,629</u>	<u>4,651</u>	<u>52,356,280</u>
CHANGE IN NET POSITION					4,944,105	818,044	5,762,149
NET POSITION - BEGINNING (restated)					<u>(3,262,142)</u>	<u>759,097</u>	<u>(2,503,045)</u>
NET POSITION - ENDING					<u>\$ 1,681,963</u>	<u>\$ 1,577,141</u>	<u>\$ 3,259,104</u>

GETTYSBURG AREA SCHOOL DISTRICT
Balance Sheet – Governmental Funds
June 30, 2022

	General Fund	Capital Projects Reserve Fund	Capital Projects Bond Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 23,030,266	\$ 6,595,901	\$ 35,842,918	\$ -	\$ 65,469,085
Investments	-	1,007,297	-	-	1,007,297
Interest receivable	13,804	4,726	-	-	18,530
Taxes receivable	2,194,267	-	-	-	2,194,267
Due from other governments	4,738,644	-	-	-	4,738,644
Due from other funds	26,963	-	-	-	26,963
Other receivables	372,555	-	-	-	372,555
Inventories	111,947	-	-	-	111,947
Prepaid expenses	198,617	-	-	-	198,617
Lincoln Benefit Trust reserves	2,650,739	-	-	-	2,650,739
	<u>\$ 33,337,802</u>	<u>\$ 7,607,924</u>	<u>\$ 35,842,918</u>	<u>\$ -</u>	<u>\$ 76,788,644</u>
LIABILITIES					
Accounts payable	\$ 489,814	\$ 29,229	\$ 744,571	\$ -	\$ 1,263,614
Due to other governments	337,640	-	-	-	337,640
Accrued salaries and benefits	6,627,697	-	-	-	6,627,697
Payroll withholdings	6,323	-	-	-	6,323
Other current liabilities	405,763	-	-	-	405,763
Total liabilities	7,867,237	29,229	744,571	-	8,641,037
DEFERRED INFLOWS OF RESOURCES	2,205,821	-	-	-	2,205,821
FUND BALANCES					
Nonspendable:					
Inventories	111,947	-	-	-	111,947
Prepaid expenses	198,617	-	-	-	198,617
Restricted:					
Lincoln Benefit Trust reserves	2,650,739	-	-	-	2,650,739
Capital improvements	-	7,578,695	35,098,347	-	42,677,042
Committed:					
Capital improvements	6,467,930	-	-	-	6,467,930
Retirement/PSERS	3,058,105	-	-	-	3,058,105
Assigned:					
22/23 Budgetary reserve	2,455,425	-	-	-	2,455,425
GASD Cyber School costs	250,000	-	-	-	250,000
Capital improvements	500,000	-	-	-	500,000
Future medical costs	1,000,000	-	-	-	1,000,000
Safety and security enhancements	189,185	-	-	-	189,185
Band uniforms	65,000	-	-	-	65,000
Technology improvements	500,000	-	-	-	500,000
Future borrowing costs	750,000	-	-	-	750,000
Unassigned:					
General Fund	5,067,796	-	-	-	5,067,796
Total fund balances	<u>23,264,744</u>	<u>7,578,695</u>	<u>35,098,347</u>	<u>-</u>	<u>65,941,786</u>
	<u>\$ 33,337,802</u>	<u>\$ 7,607,924</u>	<u>\$ 35,842,918</u>	<u>\$ -</u>	<u>\$ 76,788,644</u>

GETTYSBURG AREA SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net
Position
June 30, 2022

Total fund balances- governmental funds	\$ 65,941,786
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	86,609,927
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.	2,205,821
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	(74,592,153)
Compensated absences	(1,892,933)
Net pension liability	(67,493,538)
Deferred outflows related to pension liability	12,875,063
Deferred inflows related to pension liability	(11,711,197)
OPEB liability	(9,868,614)
Deferred outflows related to OPEB liability	1,671,841
Deferred inflows related to OPEB liability	(1,327,478)
Accrued interest	(736,562)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u><u>\$ 1,681,963</u></u>

GETTYSBURG AREA SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Governmental Funds
Year Ended June 30, 2022

	General Fund	Capital Projects Reserve Fund	Capital Projects Bond Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local sources	\$ 45,944,478	\$ 19,284	\$ 34,552	\$ -	\$ 45,998,314
State sources	18,850,889	-	-	-	18,850,889
Federal sources	<u>3,692,132</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,692,132</u>
Total revenue	68,487,499	19,284	34,552	-	68,541,335
EXPENDITURES					
Instruction	40,874,171	-	8,444	-	40,882,615
Support services	19,659,458	267,485	73,135	-	20,000,078
Non-instructional services	1,398,200	-	-	-	1,398,200
Facility acquisition and improvement	-	384,946	11,157,578	-	11,542,524
Debt service (principal, interest and bond issue costs)	<u>5,644,269</u>	<u>-</u>	<u>252,297</u>	<u>3,791</u>	<u>5,900,357</u>
Total expenditures	<u>67,576,098</u>	<u>652,431</u>	<u>11,491,454</u>	<u>3,791</u>	<u>79,723,774</u>
Excess (deficiency) of revenue over expenditures	911,401	(633,147)	(11,456,902)	(3,791)	(11,182,439)
OTHER FINANCING SOURCES (USES)					
Interfund transfers in	-	1,275,566	-	-	1,275,566
Interfund transfers out	(1,275,566)	-	-	-	(1,275,566)
Debt Service					
Bond premium	-	-	2,749,142	-	2,749,142
Debt issuance	-	-	23,655,000	-	23,655,000
Miscellaneous income	<u>22,007</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,007</u>
Total other financing sources (uses)	<u>(1,253,559)</u>	<u>1,275,566</u>	<u>26,404,142</u>	<u>-</u>	<u>26,426,149</u>
NET CHANGE IN FUND BALANCES	(342,158)	642,419	14,947,240	(3,791)	15,243,710
Fund balance - beginning	<u>23,606,902</u>	<u>6,936,276</u>	<u>20,151,107</u>	<u>3,791</u>	<u>50,698,076</u>
Fund balances - ending	<u>\$ 23,264,744</u>	<u>\$ 7,578,695</u>	<u>\$ 35,098,347</u>	<u>\$ -</u>	<u>\$ 65,941,786</u>

GETTYSBURG AREA SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balance of Governmental Funds to The Statement of Activities
Year Ended June 30, 2022

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 15,243,710

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, net	12,086,977
Depreciation expense	(3,955,207)

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.

315,307

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

4,010,000

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	561,074
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:

(161,172)

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.

	Series of 2022	
Issuance of general obligation bonds	(23,655,000)	
Bond premium	(2,749,142)	(26,404,142)

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

Compensated absences	(84,827)
Net pension liability	12,946,347
Deferred outflows related to pension liability	41,129
Deferred inflows related to pension liability	(9,101,944)
OPEB liability	(510,415)
Deferred outflows related to OPEB liability	195,848
Deferred inflows related to OPEB liability	(4,346)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 4,944,105

GETTYSBURG AREA SCHOOL DISTRICT
Statement of Net Position – Proprietary Fund
June 30, 2022

	Food Service
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 2,449,381
Due from other governments	448
Inventories	84,624
Prepaid expenses	150
Total current assets	<u>2,534,603</u>
Noncurrent Assets	
Machinery and equipment, net	690,387
Lincoln Benefit Trust reserves	83,673
Total noncurrent assets	<u>774,060</u>
Total assets	3,308,663
DEFERRED OUTFLOWS OF RESOURCES	<u>427,433</u>
	<u>\$ 3,736,096</u>
LIABILITIES	
Current Liabilities	
Due to other funds	\$ 26,963
Accounts payable	17,029
Accrued salaries and benefits	26,272
Other current liabilities	36,181
Current portion of compensated absences	1,734
Total current liabilities	<u>108,179</u>
Noncurrent Liabilities	
Compensated absences, net of current portion	32,953
Net pension liability	1,399,657
Other post-employment benefits (OPEB) liability	152,385
Total noncurrent liabilities	<u>1,584,995</u>
Total liabilities	<u>1,693,174</u>
DEFERRED INFLOWS OF RESOURCES	<u>465,781</u>
NET POSITION	
Net investment in capital assets	690,387
Restricted - Lincoln Benefit Trust	83,673
Unrestricted	803,081
Total net position	<u>1,577,141</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 3,736,096</u>

GETTYSBURG AREA SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund
Year Ended June 30, 2022

	Food Service
OPERATING REVENUES	
Food service revenue	\$ 232,445
Total operating revenues	<u>232,445</u>
OPERATING EXPENSES	
Salaries	521,819
Employee benefits	320,030
Purchased professional and technical service	1,761
Purchased property service	24,405
Other purchased service	202
Supplies	860,255
Depreciation	62,117
Dues and fees	887
Total operating expenses	<u>1,791,476</u>
Operating loss	<u>(1,559,031)</u>
NONOPERATING REVENUES	
Earnings on investments	4,651
Gain on disposal of capital assets	2,072
Donated commodities	192,931
State sources	162,447
Federal sources	2,014,974
Total nonoperating revenues	<u>2,377,075</u>
CHANGE IN NET POSITION	818,044
NET POSITION - BEGINNING (restated)	<u>759,097</u>
NET POSITION - ENDING	<u>\$ 1,577,141</u>

GETTYSBURG AREA SCHOOL DISTRICT
Statement of Cash Flows – Proprietary Fund
Year Ended June 30, 2022

	Food Service
Cash flows from operating activities:	
Cash received from user charges	\$ 218,184
Cash payments to employees for services	(939,597)
Cash payments to suppliers for goods and services	(740,557)
Cash payments for other operating expenses	(888)
Net cash used by operating activities	<u>(1,462,858)</u>
Cash flows from noncapital financing activities:	
State subsidies	162,369
Federal subsidies	<u>2,034,659</u>
Net cash from noncapital financing activities	<u>2,197,028</u>
Cash flows from capital and related financing activities:	
Purchase of capital assets, net of disposals	<u>(249,949)</u>
Cash flows from investing activities:	
Sale of capital asset	2,072
Earnings on investments	<u>5,430</u>
Net cash from investing activities	<u>7,502</u>
Net increase in cash and cash equivalents	491,723
Cash and cash equivalents - beginning	<u>1,957,658</u>
Cash and cash equivalents - ending	<u>\$ 2,449,381</u>
Reconciliation of operating loss to net cash used by operating activities	
Cash flows from operating activities:	
Operating loss	\$ (1,559,031)
Adjustments:	
Depreciation	62,117
Donated commodities	192,931
(Increase) decrease in:	
Inventory	(19,741)
Other receivables	485
Due from other funds	(1)
Prepaid expenses	7,823
Deferred outflows	(106,938)
Lincoln Benefit Trust reserve	11,271
Increase (decrease) in:	
Compensated absences	(9,965)
Other post employment benefits liability	11,838
Accounts payable	3,323
Due to other funds	(38,270)
Accrued salaries and benefits	6,650
Net pension liability	(143,422)
Other current liabilities	(14,746)
Deferred inflows	<u>132,818</u>
Total adjustments	<u>96,173</u>
Net cash used by operating activities	<u>\$ (1,462,858)</u>

GETTYSBURG AREA SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2022

	Custodial Funds
<hr/>	
ASSETS	
Cash and cash equivalents	\$ 125,124
<hr/>	
LIABILITIES	
Accounts payable	<u>\$ 2,974</u>
<hr/>	
NET POSITION	
Restricted for individuals and organizations	<u>122,150</u>
Total liabilities and net position	<u><u>\$ 125,124</u></u>

GETTYSBURG AREA SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2022

	Custodial Funds
ADDITIONS	
Fundraising	\$ 212,837
Gifts and contributions	<u>49,793</u>
Total additions	<u>262,630</u>
DEDUCTIONS	
Student activities	<u>326,941</u>
Total deductions	<u>326,941</u>
Change in net position	(64,311)
Net position - beginning	<u>186,461</u>
Net position - ending	<u>\$ 122,150</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, 2022, the School District paid \$ 3,620,924 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, 2022, Gettysburg Area School District paid \$ 313,232 to ACTI.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Joint Ventures (Continued)

In addition to the above, starting with the 2021-2022 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, 2022. Of this total, the portion collected within 60 days after June 30, 2022, was recognized in current revenues, and the balance was recorded as deferred inflows of resources.

GETTYSBURG AREA SCHOOL DISTRICT
Notes to Financial Statements

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.

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.

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.

Leases

Lessee: The School District is a lessee for three noncancellable leases of equipment.

Lessor: The School District is a lessor for a noncancellable lease of a building.

For the year ended June 30, 2022, the School District implemented new accounting guidance, *GASBS No. 87, Leases*; however, after assessment of the School District's leases, there was no adjustment necessary for the year ended June 30, 2022. There is one lease that is expected to be applicable under this new standard for the year ended June 30, 2023.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Budgets and Budgetary Accounting (Continued)

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.

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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

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.

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 and amounts for future retirement/PSEERS 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 2022/2023 budget excess of expenditures over revenues as committed as well as funds for various future initiatives and expected costs.

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.

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 2021-2022 millage for real estate taxes was 11.1057 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, 2022. 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, 2022 on the Statement of Net Position consist of:

	Governmental Activities	Business-Type Activities	Total
Deferred outflows			
Pension related items (Note 9)	\$ 12,875,063	\$ 345,137	\$ 13,220,200
Deferred charge on bond refunding	820,019	-	820,019
OPEB related items (Note 10)	<u>1,671,841</u>	<u>82,296</u>	<u>1,754,137</u>
Total	<u>\$ 15,366,923</u>	<u>\$ 427,433</u>	<u>\$ 15,794,356</u>
Deferred inflows			
Pension related items (Note 9)	\$ 11,711,197	\$ 349,868	\$ 12,061,065
OPEB related items (Note 10)	<u>1,327,478</u>	<u>115,913</u>	<u>1,443,391</u>
Total	<u>\$ 13,038,675</u>	<u>\$ 465,781</u>	<u>\$ 13,504,456</u>

The School District’s deferred inflows of \$ 2,205,821 as of June 30, 2022 for the General Fund on the Balance Sheet - Governmental Funds represents \$ 1,054,325 of unavailable tax revenues and \$ 1,151,496 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, 2022, \$ 16,856,205 of the School District's bank balance of \$ 17,356,205 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 \$ 12,316,700 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 included seven US Treasury bills valued at \$ 8,907,862.

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 \$ 52,622 and PSDLAF MAX of \$ 30,804,796. 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, 2022, 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	\$ 12,316,700	\$ 12,316,700	\$ -
PSDLAF - US Treasury Bill - Bond Fund	9,563,711	9,563,711	-

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, 2022:

Governmental Activities

	Balance as of July 1, 2021	Additions	Deletions	Balance as of June 30, 2022
Cost				
Capital assets not being depreciated				
Land	\$ 1,530,471	\$ -	\$ -	\$ 1,530,471
Construction in progress	6,158,396	11,311,133	(1,300,091)	16,169,438
Capital assets				
Site improvements	3,118,074	-	-	3,118,074
Infrastructure	227,264	-	-	227,264
Building and building improvements	123,528,616	2,025,033	(124,700)	125,428,949
Machinery, equipment, and vehicles	9,529,389	193,730	(18,128)	9,704,991
Total cost	144,092,210	13,529,896	(1,442,919)	156,179,187
Less accumulated depreciation				
Site improvements	2,127,117	79,339	-	2,206,456
Infrastructure	136,356	22,726	-	159,082
Building and building improvements	56,111,472	3,415,251	-	59,526,723
Machinery, equipment, and vehicles	7,239,108	447,286	(9,395)	7,676,999
Total accumulated depreciation	65,614,053	3,964,602	(9,395)	69,569,260
Capital assets, net	\$ 275,320,316	\$ 9,565,294	\$ (1,433,524)	\$ 86,609,927

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	\$ 1,982,335
Instructional student support	421,008
Administration and financial support	241,644
Maintenance and plant service	728,219
Transportation service	174,560
Support services	47,554
Student activities	<u>369,282</u>
	<u>\$ 3,964,602</u>

Construction in progress is related to the School District's HVAC Project. See Note 11 for more details.

Business-type Activities

	Balance as of July 1, 2021	Additions	Deletions	Balance as of June 30, 2022
Cost				
Machinery and equipment	\$ 1,195,701	\$ 244,408	\$ (19,218)	\$ 1,420,891
Less accumulated depreciation				
Accumulated Depreciation	<u>(685,551)</u>	<u>(62,117)</u>	<u>17,164</u>	<u>(730,504)</u>
Capital assets, net	<u>\$ 510,150</u>	<u>\$ 182,291</u>	<u>\$ (2,054)</u>	<u>\$ 690,387</u>

NOTE 4 TAXES RECEIVABLES AND DEFERRED INFLOWS OF RESOURCES

Taxes receivable and deferred inflows of resources in the fund financial statements consist of the following as of June 30, 2022:

Real estate	\$ 1,616,089
Earned income	380,439
Realty transfer	136,594
Other	<u>61,145</u>
Total taxes receivable	2,194,267
Taxes collected within sixty days, recorded as revenues in governmental funds	(1,139,942)
Taxes estimated to be collected after sixty days, included in unavailable revenue in governmental funds	<u>1,054,325</u>
Taxes receivable included in current year tax revenue	<u>\$ 1,131,433</u>
Unavailable tax revenue	\$ 1,054,325
Unavailable PlanCon revenue	<u>1,151,496</u>
Total deferred inflows of resources	<u>\$ 2,205,821</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, 2022:

Funds	Interfund	
	Receivables	Payables
General	\$ 26,963	\$ -
Food Service	-	26,963
Total	<u>\$ 26,963</u>	<u>\$ 26,963</u>

The food service fund owes the general fund for payroll and other expenses paid on its behalf.

Internal transfers consist of the following for the year ended June 30, 2022:

Funds	Transfers in	Transfers out
General	\$ -	\$ 1,275,566
Capital projects - reserve fund	1,275,566	-
Total	<u>\$ 1,275,566</u>	<u>\$ 1,275,566</u>

The general fund typically transfers funds to the capital projects - reserve fund based on approved projects.

NOTE 6 INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at June 30, 2022, consisted of the following:

	General Fund/ Governmental Activities	Food Service Fund
Amounts due from:		
Commonwealth of Pennsylvania	\$ 3,214,980	\$ 448
Federal government as passed through Pennsylvania state agencies	500,458	-
Various schools and governmental units	1,023,206	-
Total	<u>\$ 4,738,644</u>	<u>\$ 448</u>

NOTE 7 INTERGOVERNMENTAL PAYABLES

Intergovernmental payables at June 30, 2022, consisted of the following:

Amounts due to:	
Prison education	\$ 24,999
Other school districts	312,641
Total	<u>\$ 337,640</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, 2022, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Long-Term Portion
Governmental Activities:						
General Obligation Bonds:						
(A) Series 2016	\$ 17,970,000	\$ -	\$ (4,000,000)	\$ 13,970,000	\$ 4,145,000	\$ 9,825,000
(B) Series 2020	21,575,000	-	(5,000)	21,570,000	5,000	21,565,000
(D) Series 2022	-	23,655,000	-	23,655,000	45,000	23,610,000
General Obligation Notes - Direct Borrowing:						
(C) Series 2021	9,685,000	-	(5,000)	9,680,000	5,000	9,675,000
Bond premium	4,349,104	2,749,142	(561,074)	6,537,172	692,885	5,844,287
Subtotal bonds/notes payable	53,579,104	26,404,142	(4,571,074)	75,412,172	4,892,885	70,519,287
Compensated absences	1,808,106	325,900	(241,073)	1,892,933	94,647	1,798,286
Total long term liabilities	\$ 55,387,210	\$ 26,730,042	\$ (4,812,147)	\$ 77,305,105	\$ 4,987,532	\$ 72,317,573
Business-Type Activities:						
Compensated absences	\$ 44,652	\$ 9,300	\$ (19,265)	\$ 34,687	\$ 1,734	\$ 32,953
Total long term liabilities	\$ 44,652	\$ 9,300	\$ (19,265)	\$ 34,687	\$ 1,734	\$ 32,953

Bonds/Notes Payable

The following is a summary of bonds/notes payable at June 30, 2022:

Date of Issue	Last Maturity Date	Interest Rate	Outstanding Face Amount
A) December 22, 2016 - Series of 2016	January 15, 2026	0.85% - 4.00%	\$ 13,970,000
B) May 18, 2020 - Series of 2020	April 1, 2036	0.35% - 4.00%	21,570,000
C) March 15, 2021 - Series of 2021	January 15, 2027	0.85%	9,680,000
D) May 24, 2022 - Series of 2022	June 30, 2037	2.375%-5.00%	23,655,000
			<u>\$ 68,875,000</u>

(A) 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.

(B) 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.

(C) 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.

(D) On May 24, 2022, the School District issued General Obligation Bond, Series of 2022 in the aggregate amount of \$ 23,655,000. The proceeds of the bond are to be used for various capital projects throughout the School District and the related costs of issuance.

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.

GETTYSBURG AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

Bonds/Notes Payable (Continued)

A schedule of the School District's debt service requirements as of June 30, 2022, which are financed by the General Fund, are as follows:

Year Ending June 30	Bonds		Direct Borrowings		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 4,195,000	\$ 2,264,420	\$ 5,000	\$ 82,280	\$ 4,200,000	\$ 2,346,700
2024	4,385,000	2,422,672	170,000	82,238	4,555,000	2,504,910
2025	4,585,000	2,217,190	250,000	80,792	4,835,000	2,297,982
2026	1,005,000	1,989,154	4,065,000	78,668	5,070,000	2,067,822
2027	50,000	1,949,644	5,190,000	44,116	5,240,000	1,993,760
2028-2032	20,825,000	8,230,100	-	-	20,825,000	8,230,100
2033-2037	24,150,000	3,396,400	-	-	24,150,000	3,396,400
	<u>\$ 59,195,000</u>	<u>\$ 22,469,580</u>	<u>\$ 9,680,000</u>	<u>\$ 368,094</u>	<u>\$ 68,875,000</u>	<u>\$ 22,837,674</u>

Interest expense totaled \$ 1,634,269 for the year ended June 30, 2022.

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, 2022, totals \$ 1,468,109 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, 2022, this retirement benefit totals \$ 188,755 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, 2022, the amount of accumulated retirement pay for General Fund Employees was \$ 236,069 and is recorded on the Statement of Net Position. Likewise, Food Service Fund employees' accumulated retirement terminal pay totaled \$ 34,687 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, 2022 was 34.14% 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 \$ 8,403,576 for the year ended June 30, 2022. In addition, the School District's contribution related to the defined contribution plan was \$ 54,492 for the year ended June 30, 2022.

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, 2022, the School District recognized revenue of \$ 4,339,428 as reimbursement for its current year pension 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, 2022, the School District reported a liability of \$ 68,893,195 for its proportionate share of the System’s total net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2020 to June 30, 2021. 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, 2021, the School District’s proportion was 0.1678 percent, which was an increase of 0.0013 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the School District recognized pension expense as follows:

Governmental Activities	\$ 4,717,967
Business-Type Activities/Food Service Fund	(41,426)

At June 30, 2022, 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	\$ 51,000	\$ 905,000
Changes in assumptions	3,342,000	-
Net difference between projected and actual investment earnings	-	10,967,000
Changes in proportionate share - plan	955,000	-
Changes in proportionate share - governmental activities/business -type activities	189,066	189,065
Difference between employer contributions and proportionate share of total contributions	157,659	-
Contributions subsequent to the measurement date	8,525,475	-
	<u>\$ 13,220,200</u>	<u>\$ 12,061,065</u>

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 (Continued)

The \$ 8,525,475 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, 2023. 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:		
	2023	\$ (1,652,302)
	2024	(1,036,140)
	2025	(1,134,899)
	2026	<u>(3,542,999)</u>
Total		<u>\$ (7,366,340)</u>

Changes in Actuarial Assumptions

The total pension liability as of June 30, 2021 was determined by rolling forward the System's total pension liability as of the June 30, 2020 to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

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

GETTYSBURG AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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.

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	27.0%	5.2%
Private equity	12.0%	7.3%
Fixed income	35.0%	1.8%
Commodities	10.0%	2.0%
Absolute return	8.0%	3.1%
Infrastructure/MLPs	8.0%	5.1%
Real estate	10.0%	4.7%
Cash	3.0%	0.10%
Financing (LIBOR)	(13.00%)	0.10%
	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current 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.

GETTYSBURG AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
School District's proportionate share of the net pension liability	\$ 90,425,000	\$ 68,893,195	\$ 50,730,000

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

As of June 30, 2022, the School District had \$ 3,279,633 included in accrued benefits liability, of which \$ 2,451,995 is for the contractually required contribution for the second quarter of 2022 and \$ 827,638 is related to the accrued payroll liability for wages incurred as of June 30, 2022.

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, 2021 and then rolled forward to July 1, 2022.

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 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
 - 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
- 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

NOTE 10 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Plan Descriptions – School District Plan (Continued)

Summary of Plan Provisions (Continued)

- All other Administrators
 - 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.
 - 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

NOTE 10 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Plan Descriptions – School District Plan (Continued)

Summary of Plan Provisions (Continued)

- 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.

Plan Participants

School District Plan

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

GETTYSBURG AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 10 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Contributions

PSERS

The School District’s contractually required contribution rate for the fiscal year ended June 30, 2022 was 0.80% 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 \$ 198,197 for the year ended June 30, 2022.

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, 2022 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, 2022, the School District reported a total OPEB liability of \$ 6,039,260.

For the year ended June 30, 2022, the School District recognized OPEB expense of \$ 277,242.

PSERS

At June 30, 2022, the School District reported a liability of \$ 3,981,739 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, 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, 2020 to June 30, 2021. 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, 2022, the School District’s proportion was 0.1680 percent, which was an increase of 0.0015 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the School District recognized OPEB expense of \$ 235,798.

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

	Total OPEB/ Net OPEB Liability	OPEB Expense
School District Plan	\$ 6,039,260	\$ 277,242
PSERS	3,981,739	235,798
Total	<u>\$ 10,020,999</u>	<u>\$ 513,040</u>

GETTYSBURG AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 10 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Changes in the Total OPEB Liability

School District Plan

	Total OPEB Liability
Service Cost	\$ 466,828
Interest	115,650
Changes in assumptions	(167,003)
Benefit Payments	<u>(277,400)</u>
Net change in total OPEB liability	138,075
Total OPEB liability - beginning	<u>5,901,185</u>
Total OPEB liability - ending	<u><u>\$ 6,039,260</u></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	\$ 193,296	\$ 1,053,016	\$ 37,000	\$ -	\$ 230,296	\$ 1,053,016
Changes in assumptions	554,057	270,848	424,000	53,000	978,057	323,848
Net difference between projected and actual investment earnings	-	-	8,000	-	8,000	-
Changes in proportions - plan	-	-	69,000	53,000	69,000	53,000
Changes in proportions - fund	-	-	11,576	11,576	11,576	11,576
Difference between employer contributions and proportionate share of total contributions	-	-	2,262	1,951	2,262	1,951
Contributions subsequent to the measurement date	<u>256,417</u>	<u>-</u>	<u>198,529</u>	<u>-</u>	<u>454,946</u>	<u>-</u>
	<u>\$ 1,003,770</u>	<u>\$ 1,323,864</u>	<u>\$ 750,367</u>	<u>\$ 119,527</u>	<u>\$ 1,754,137</u>	<u>\$ 1,443,391</u>

An amount of \$ 454,946 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, 2023 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
2023	\$ (48,819)	\$ 61,868	\$ 13,049
2024	(48,819)	60,868	12,049
2025	(48,819)	88,868	40,049
2026	(48,819)	92,316	43,497
2027	(48,819)	71,241	22,422
Thereafter	<u>(332,416)</u>	<u>57,150</u>	<u>(275,266)</u>
Total	<u>\$ (576,511)</u>	<u>\$ 432,311</u>	<u>\$ (144,200)</u>

GETTYSBURG AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 10 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions

School District Plan

Interest Rate – 2.28% based on S&P Municipal Bond 20 Year High Grade Rate Index at July 1, 2021.

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.

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 and 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%

NOTE 10 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions (Continued)

School District Plan (Continued)

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.

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 - 5.5% 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.

NOTE 10 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions (Continued)

PSERS

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

Interest Rate – 2.18% - S&P 20 year municipal bond rate

Salary – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases

Mortality – based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS’ experience and projected using a modified version of the MP-2020 Improvement Scale

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

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	79.80%	0.1%
US Core Fixed Income	17.50%	0.7%
Non-US Developed Fixed	2.70%	(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, 2021.

GETTYSBURG AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 10 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Discount Rate

The discount rate used to measure the OPEB liability was 2.28% and 2.18% for the School District's Plan and PSERS, respectively. The School District Plan is not funded, therefore, a rate of 2.28% similar to the S&P 20 year municipal bond rate as of July 1, 2021 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 2.18% which represents the S&P 20 year municipal bond rate at June 30, 2021, was applied to all projected benefit payments to measure the total OPEB liability.

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 1.28%	Current Discount Rate 2.28%	1% Increase 3.28%
School District's OPEB liability	\$ 6,442,479	\$ 6,039,260	\$ 5,656,081

	1% Decrease 1.18%	Current Discount Rate 2.18%	1% Increase 3.18%
PSERS' OPEB liability	\$ 4,569,000	\$ 3,981,739	\$ 3,497,000

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	Healthcare Cost Trend Rate	1% Increase
School District's OPEB liability	\$ 5,388,011	\$ 6,039,260	\$ 6,804,675

	1% Decrease (between 4% and 6%)	Healthcare Cost Trend Rate (Between 5% and 7%)	1% Increase (Between 6% and 8%)
PSERS' OPEB liability	\$ 3,981,000	\$ 3,981,739	\$ 3,982,000

GETTYSBURG AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 10 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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, 2022, the School District had no amounts payable to the School District Plan. As of June 30, 2022, the School District had \$ 27,115 included in accrued benefits liability, of which \$ 20,272 is for the contractually required contribution for the second quarter of 2022 and \$ 6,843 is related to the accrued payroll liability for wages incurred as of June 30, 2022.

NOTE 11 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 in year two of a HVAC project at the High School. As of June 30, 2022, approximately \$16,200,000 of the project was expensed. Substantial completion was in August 2022.

GETTYSBURG AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 12 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 13 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, 2022, the School District's payments for funding to date have exceeded its claims; accordingly, the School District has a balance of \$ 2,734,412 due from the Lincoln Benefit Trust, which is recorded as a non-current asset in the amount of \$ 2,650,739 and \$ 83,673 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, 2022:

Accumulated plan benefits payable	<u>\$ 8,320,800</u>
Net position available for benefits, net of accumulated plan benefits payable	<u>\$ 77,511,069</u>

The accumulated plan benefits payable represents estimated claims incurred, but not reported to the Plan Administrator at June 30, 2022. 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 14 RESTATEMENT

A correction was made to the June 30, 2021 PSERS calculation related to the total contributions to the plan from the School District. This resulted in a reallocation between the Governmental Activities and Business-Type Activities.

	Governmental Activities	Business-Type Activities	Total
Net position - beginning (originally stated)	\$ (2,912,731)	\$ 558,366	\$ (2,354,365)
Restatement of PSERS	<u>(349,411)</u>	<u>200,731</u>	<u>(148,680)</u>
Net position - ending (restated)	<u>\$ (3,262,142)</u>	<u>\$ 759,097</u>	<u>\$ (2,503,045)</u>
Change in net position (originally stated)	\$ 154,727	\$ (283,131)	\$ (128,404)
Restatement of PSERS	<u>(349,411)</u>	<u>200,731</u>	<u>(148,680)</u>
Change in net position (restated)	<u>\$ (194,684)</u>	<u>\$ (82,400)</u>	<u>\$ (277,084)</u>
Total net pension liability - beginning (originally stated)	\$ 79,506,010	\$ 2,476,953	\$ 81,982,963
Restatement of PSERS	<u>933,874</u>	<u>(933,874)</u>	<u>-</u>
Total net pension liability - beginning (restated)	<u>\$ 80,439,884</u>	<u>\$ 1,543,079</u>	<u>\$ 81,982,963</u>
Total deferred outflows (PSERS) - beginning (originally stated)	\$ 12,668,210	\$ 843,497	\$ 13,511,707
Restatement of PSERS	<u>165,927</u>	<u>(600,425)</u>	<u>(434,498)</u>
Total deferred outflows (PSERS) - beginning (restated)	<u>\$ 12,834,137</u>	<u>\$ 243,072</u>	<u>\$ 13,077,209</u>
Total deferred inflows (PSERS) - beginning (originally stated)	\$ 3,027,789	\$ 80,345	\$ 3,108,134
Restatement of PSERS	<u>(418,536)</u>	<u>132,718</u>	<u>(285,818)</u>
Total deferred inflows (PSERS) - beginning (restated)	<u>\$ 2,609,253</u>	<u>\$ 213,063</u>	<u>\$ 2,822,316</u>

REQUIRED SUPPLEMENTARY INFORMATION

GETTYSBURG AREA PUBLIC SCHOOL DISTRICT
Budgetary Comparison Schedule - General Fund
Year Ended June 20, 2022

	BUDGET		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL	(BUDGETARY	FINAL BUDGET
			/GAAP BASIS)	POSITIVE
				(NEGATIVE)
REVENUES				
Local revenues	\$ 44,006,772	\$ 44,006,772	\$ 45,944,478	\$ 1,937,706
State program revenues	19,510,394	19,510,394	18,850,889	(659,505)
Federal program revenues	5,427,475	5,427,475	3,692,132	(1,735,343)
Total revenues	<u>68,944,641</u>	<u>68,944,641</u>	<u>68,487,499</u>	<u>(457,142)</u>
EXPENDITURES				
Regular programs	27,940,288	28,763,072	28,159,128	603,944
Special programs	9,053,130	9,342,314	8,558,364	783,950
Vocational programs	3,300,298	3,694,904	3,613,333	81,571
Other instructional programs	830,738	905,243	524,511	380,732
Nonpublic school programs	39,449	39,449	18,835	20,614
Pupil personnel services	1,800,620	1,836,872	1,819,617	17,255
Instructional staff services	1,940,811	2,137,254	2,008,196	129,058
Administrative services	3,802,882	3,854,998	3,673,254	181,744
Pupil health	557,767	661,713	653,094	8,619
Business services	934,978	934,465	912,480	21,985
Operation and maintenance of plant services	5,686,431	5,693,358	5,677,777	15,581
Student transportation services	3,136,730	3,437,919	3,415,494	22,425
Central and other support services	1,334,065	1,525,809	1,499,546	26,263
Other support services	14,748	7,274	46,207	(38,933)
Student activities	1,368,259	1,369,962	1,324,210	45,752
Community services	12,917	33,939	27,783	6,156
Facility acquisition and improvement	-	500	-	500
Debt service	5,822,039	5,822,039	5,644,269	177,770
Total expenditures	<u>67,576,150</u>	<u>70,061,084</u>	<u>67,576,098</u>	<u>2,484,986</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 1,368,491</u>	<u>\$ (1,116,443)</u>	<u>\$ 911,401</u>	<u>\$ 2,027,844</u>
OTHER FINANCING SOURCES (USES)				
Budgetary reserve	(3,721,403)	(1,236,469)	-	1,236,469
Special and extraordinary items	(717,930)	(717,930)	-	717,930
Sale of capital assets	7,273	7,273	22,007	14,734
Interfund transfers out	(1,130,918)	(1,130,918)	(1,275,566)	(144,648)
Total other financing sources (uses)	<u>(5,562,978)</u>	<u>(3,078,044)</u>	<u>(1,253,559)</u>	<u>1,824,485</u>
Net change in fund balances	<u>\$ (4,194,487)</u>	<u>\$ (4,194,487)</u>	<u>(342,158)</u>	<u>\$ 3,852,329</u>
FUND BALANCE - BEGINNING			<u>23,606,902</u>	
FUND BALANCE - ENDING			<u>\$ 23,264,744</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	School District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	0.1678%	\$ 68,893,195	\$ 23,812,699	289.31%	63.67%
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

The following actuarial assumptions were changed during the 2020/2021 fiscal year:

- Actuarial cost method – Entry Age Normal – level percent of pay
- Investment rate of return – 7.00%, includes inflation at 2.50%
- Salary growth – effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit and seniority increases
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 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
2022	\$ 8,403,576	\$ 8,403,576	\$ -	\$ 24,774,657	33.92%
2021	8,213,967	8,213,967	-	23,812,699	34.49%
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

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 466,828	\$ 442,742	\$ 443,517	\$ 310,240	\$ 303,397
Interest	115,650	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	(167,003)	583,406	(157,017)	20,784	98,766
Benefit payments	(277,400)	(373,576)	(408,666)	(325,602)	(300,015)
Net change in total OPEB liability	<u>138,075</u>	<u>(404,095)</u>	<u>70,258</u>	<u>710,292</u>	<u>237,312</u>
Total OPEB liability - beginning	<u>5,901,185</u>	<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>\$ 6,039,260</u>	<u>\$ 5,901,185</u>	<u>\$ 6,305,280</u>	<u>\$ 6,235,022</u>	<u>\$ 5,524,730</u>
Covered employee payroll	N/A	\$ 23,126,468	N/A	\$ 21,884,738	\$ 20,774,232
Total OPEB liability as a percentage of covered payroll	N/A	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
2022	0.1680%	\$ 3,981,739	\$ 23,812,699	16.72%	5.30%
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
2022	\$ 198,197	\$ 198,197	\$ -	\$ 24,774,657	0.80%
2021	195,174	195,174	-	23,812,699	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, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Source Code	Assistance Listing 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, 2021	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue at June 30, 2022	Total Passed Through to Subrecipients
DEPARTMENT OF EDUCATION											
Passed Through Pennsylvania Department of Education											
Title I - Improving Basic Programs	I	84.010	FA-013-21-0164	07/21/20-09/30/21	\$ 637,852	\$ 53,838	\$ 53,838	\$ -	\$ -	\$ -	\$ -
Title I - Improving Basic Programs Title I	1	84.010	FA-013-220-164	07/01/21-09/30/22	634,415	588,488	-	634,415	634,415	45,927	-
						<u>642,326</u>	<u>53,838</u>	<u>634,415</u>	<u>634,415</u>	<u>45,927</u>	<u>-</u>
Title II - Improving Teacher Quality	I	84.367	FA-020-20-0164	08/22/19-09/30/20	122,263	-	1,969	-	-	1,969	-
Title II - Improving Teacher Quality	I	84.367	FA-020-21-0164	07/21/20-09/30/21	108,811	40,509	40,509	-	-	-	-
Title II - Improving Teacher Quality Title II	1	84.367	FA-020-22-0164	07/01/21-09/30/22	102,597	47,464	-	91,540	91,540	44,076	-
						<u>87,973</u>	<u>42,478</u>	<u>91,540</u>	<u>91,540</u>	<u>46,045</u>	<u>-</u>
Title III - English Language Acquisition Grants	I	84.365	FA-010-21-0164	07/21/20-09/30/21	24,356	6,495	6,495	-	-	-	-
Title III - English Language Acquisition Grants Title III	1	84.365	FA-010-22-0164	07/01/21-09/30/22	19,834	10,447	-	11,198	11,198	751	-
						<u>16,942</u>	<u>6,495</u>	<u>11,198</u>	<u>11,198</u>	<u>751</u>	<u>-</u>
Title IV - Student Support & Academic Achievement	I	84.424	FA-144-21-0164	07/21/20-09/30/21	62,659	29,224	29,224	-	-	-	-
Title IV - Student Support & Academic Achievement Title IV	1	84.424	FA-144-22-0164	07/21/21-09/30/22	58,639	27,349	-	58,639	58,639	31,290	-
						<u>56,573</u>	<u>29,224</u>	<u>58,639</u>	<u>58,639</u>	<u>31,290</u>	<u>-</u>
Perkins Career and Tech Educ - Basic Grants to States	I	84.048A	380-21-0012	07/23/20-06/30/21	107,782	17,964	17,964	-	-	-	-
Perkins Career and Tech Educ - Basic Grants to States Perkins	1	84.048A	380-22-0012	07/23/21-06/30/22	133,296	99,972	-	99,972	99,972	-	-
						<u>117,936</u>	<u>17,964</u>	<u>99,972</u>	<u>99,972</u>	<u>-</u>	<u>-</u>
COVID 19 Education Stabilization Fund - ESSER II	I	84.425D	200-21-0164	03/13/20-09/30/23	2,879,423	1,741,047	-	2,115,374	2,115,374	374,327	-
COVID 19 Education Stabilization Fund - ESSER III	I	84.425U	223-21-0164	03/13/20-09/30/24	5,824,241	423,581	-	423,581	423,581	-	-
COVID-19 ARP ESSER 7% Set Aside	I	84.425U	225-21-0164	03/13/20-09/30/24	452,675	57,612	-	57,612	57,612	-	-
COVID-19 aTSI Governor's Emergency Relief Fund (GEER)	I	84.425C	254-20-0164	03/13/20-09/30/21	57,168	30,088	4,442	25,646	25,646	-	-
COVID 19 ARP Homeless Children and Youth (ARP-HCY)	I	84.425U	181-21-0164	07/01/21-09/30/24	49,698	2,549	-	2,549	2,549	-	-
Total Education Stabilization Fund						<u>2,254,877</u>	<u>4,442</u>	<u>2,624,762</u>	<u>2,624,762</u>	<u>374,327</u>	<u>-</u>
Passed through Intermediate Units											
Special Education Grants to States (IDEA-B)	I	84.027	HA27A210093	07/1/21-09/30/22	537,890	537,890	-	537,890	537,890	-	-
Special Education Grants to States (IDEA 619)	I	84.173A	FA-131-21-0012	07/1/21-09/30/22	1,848	1,848	-	1,848	1,848	-	-
IDEA-B ARP Supplemental Pass Through	I	84.027	HA27A210093	07/01/21-09/30/22	115,370	115,370	-	115,370	115,370	-	-
Passed Through Pennsylvania Department of Education											
COVID-19 Special Education Impact Mitigation (SECIM)	I	84.027	252-20-0164	03/13/20-09/30/21	12,011	5,605	5,605	-	-	-	-
Total Special Education Cluster						<u>660,713</u>	<u>5,605</u>	<u>655,108</u>	<u>655,108</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Education						<u>3,837,340</u>	<u>160,046</u>	<u>4,175,634</u>	<u>4,175,634</u>	<u>498,341</u>	<u>-</u>
DEPARTMENT OF TREASURY											
Passed Through Pennsylvania Commission on Crime and Delinquency											
COVID-19 School Health and Safety Grant ESSER 20-21	I		2020-ES-01-35453	04/01/21-09/30/21	91,497	91,497	-	91,497	91,497	-	-
Total U.S. Department of Treasury						<u>91,497</u>	<u>-</u>	<u>91,497</u>	<u>91,497</u>	<u>-</u>	<u>-</u>

GETTYSBURG AREA PUBLIC SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Source Code	Assistance Listing 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, 2021	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue at June 30, 2022	Total Passed Through to Subrecipients
DEPARTMENT OF AGRICULTURE											
Child Nutrition Cluster											
Passed through Pennsylvania Department of Education											
COVID-19 School Breakfast Program	I	10.553	365	07/01/20-06/30/21	321,792	321,792	-	321,792	321,792	-	-
Supply Chain Assistance Grant	I	10.555	356	07/01/21-06/30/22	60,801	60,801	-	60,801	60,801	-	-
CN Emergency Funds SNP (Emergency Operating Costs)	I	10.555	357	07/01/21-06/30/22	78,263	78,263	-	78,263	78,263	-	-
COVID-19 National School Lunch Program	I	10.555	362	07/01/20-06/30/21	1,521,688	1,521,688	-	1,521,688	1,521,688	-	-
COVID-19 Summer Food Service Program	I	10.559	264	07/01/21-06/30/22	51,162	51,162	19,344	31,818	31,818	-	-
Fresh Fruit & Vegetables Program	I	10.582	353	07/01/21-06/30/22	341	341	341	-	-	-	-
Total Passed through Pennsylvania Department of Education					<u>2,034,047</u>	<u>2,034,047</u>	<u>19,685</u>	<u>2,014,362</u>	<u>2,014,362</u>	<u>-</u>	<u>-</u>
Passed through Pennsylvania Department of Agriculture											
National School Lunch Program - commodities	I, B	10.555	N/A	07/01/21-06/30/22	181,297	181,297	-	181,297	181,297	-	-
Summer Food Service Program - commodities	I, B	10.559	N/A	07/01/21-06/30/22	11,634	11,634	-	11,634	11,634	-	-
Agriculture					<u>192,931</u>	<u>192,931</u>	<u>-</u>	<u>192,931</u>	<u>192,931</u>	<u>-</u>	<u>-</u>
Total Child Nutrition Cluster					<u>2,226,978</u>	<u>2,226,978</u>	<u>19,685</u>	<u>2,207,293</u>	<u>2,207,293</u>	<u>-</u>	<u>-</u>
Passed through Pennsylvania Department of Education											
Local P-EBT Administrative Funds	I	10.649	358	07/01/21-06/30/22	614	614	-	614	614	-	-
Total Department of Agriculture					<u>2,227,592</u>	<u>2,227,592</u>	<u>19,685</u>	<u>2,207,907</u>	<u>2,207,907</u>	<u>-</u>	<u>-</u>
DEPARTMENT OF DEFENSE											
Passed through Department of Army											
Junior ROTC	I	12.000	N/A	07/01/20-06/30/21	52,142	4,087	4,087	-	-	-	-
Junior ROTC	I	12.000	N/A	07/01/21-06/30/22	76,021	80,108	-	80,108	80,108	-	-
Total passed through Department of the Army						<u>84,195</u>	<u>4,087</u>	<u>80,108</u>	<u>80,108</u>	<u>-</u>	<u>-</u>
Total Federal Assistance						<u>\$ 6,240,624</u>	<u>\$ 183,818</u>	<u>\$ 6,555,146</u>	<u>\$ 6,555,146</u>	<u>\$ 498,341</u>	<u>\$ -</u>

GETTYSBURG AREA PUBLIC SCHOOL DISTRICT
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 20, 2022

NOTE 1 REFERENCES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

- (I) Indirect Funding
- (B) Based on USDA Valuation

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

The School District has not elected to use the 10% de minimis rate for charging indirect costs to programs.

NOTE 3 EXPENDITURES RECOGNIZED

Certain expenditures incurred in the prior year were recognized on the current year schedule of expenditures of federal awards due to when the federal funding was applied for and subsequently received.



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, 2022, 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 February 13, 2023.

Report on Internal Controls 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 that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

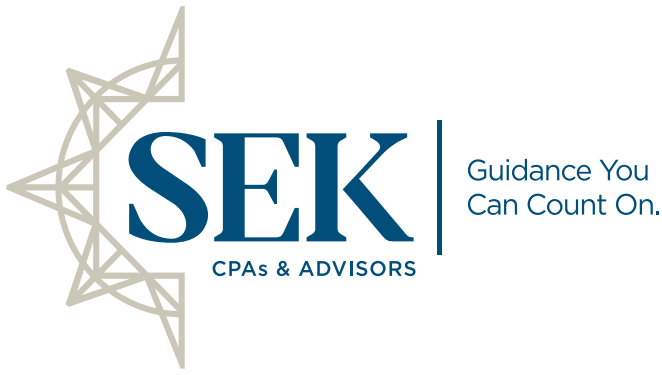
As part of obtaining reasonable assurance about whether Gettysburg Area School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a 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
February 13, 2023



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

Opinion on Each Major Federal Program

We have audited Gettysburg Area School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Gettysburg Area School District's major federal programs for the year ended June 30, 2022. Gettysburg Area School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, 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, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report in Internal Controls over Compliance

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

requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Smith Elliott Kearns + Company, LLC

York, Pennsylvania
February 13, 2023

GETTYSBURG AREA SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

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

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

- Any compliance audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516? Yes No

Identification of the major programs:

Assistance Listing Number(s)	Name of Federal Program
84.425	Education Stabilization Fund
84.010	Title I – Improving Basic Programs

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

Auditee qualified as low-risk auditee? Yes No

Section II – Financial Statement Findings

A. Significant Deficiencies or Material Weaknesses in Internal Control

None noted

B. Compliance Findings

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

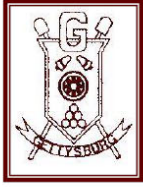
Section III – Federal Award Findings and Questioned Costs

A. Significant Deficiencies or Material Weaknesses in Internal Control Over Compliance

None noted

B. Compliance Findings

There were no compliance findings 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, 2022

Findings related to financial statements:

None reported in the June 30, 2021 Schedule of Findings and Questioned Costs.

Findings related to federal awards:

None reported in the June 30, 2021 Schedule of Findings and Questioned Costs.