



***ANTIETAM SCHOOL DISTRICT***

**FINANCIAL AND COMPLIANCE REPORT**

**Year Ended June 30, 2024**

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## INDEPENDENT AUDITOR'S REPORT

**To the Board of School Directors  
Antietam School District  
Reading, 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 Antietam School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Antietam 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 Antietam School District, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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

#### **Responsibilities of Management for the Financial Statements**

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Antietam 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 Antietam 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, budgetary comparison schedule for the general fund, and pension and other postemployment benefit information on pages 76 through 80, 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 Antietam School District's basic financial statements. The accompanying combining nonmajor governmental funds financial statements and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Guidance, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor governmental funds financial statements and the schedule of expenditures of federal awards are 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 24, 2025, on our consideration of Antietam 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 Antietam 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 Antietam School District's internal control over financial reporting and compliance.

*Herbein + Company, Inc.*

**Reading, Pennsylvania  
February 24, 2025**

**ANTIETAM SCHOOL DISTRICT**  
**Management's Discussion and Analysis (MD&A)**

**June 30, 2024**

The discussion and analysis of Antietam School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the financial performance as a whole. Readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the 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.

**The District and Its Facilities**

The Antietam School District serves an area of approximately 5.3 square miles. It is located in Berks County and consists of Lower Alsace Township and Mount Penn Borough. The population of this area is approximately 7,500.

The School District is comprised of three buildings. The Stony Creek Elementary Center soon to be under construction near the site of the former Middle/Senior High School, which was structurally damaged in the flood of July 9, 2023 and had to be removed, will house grades K to 3. Grades K-3 are currently being housed in modular units located on the property at 100 Antietam Road. The Kerry C. Hoffman Intermediate School (formerly the Mount Penn Elementary Center) houses grades 4 to 8, and the Antietam High School (formerly the Mount Penn Primary Center), houses grades 9 to 12.

The enrollment at Antietam School District for the 2023-2024 school year was 1,191 students, which was higher than the 1,170 enrolled for the 2022-2023 school year. Potential growth has been partially addressed with the 2024 restructuring of the grade levels in each building; the 2024 renovations to the former Mt. Penn Primary Center making it the Antietam High School and the future construction of a new elementary center to house K-3.

**FINANCIAL HIGHLIGHTS**

In the last few years, GASB 68, 71 and 75 were implemented resulting in a deficit net position for Governmental activities and Business-Type activities. In the current year, the change in net position was a change of \$2,828,761 and (\$31,028), respectively.

Taxes, which include property taxes, public utility realty, and earned income taxes, accounted for 47% of the District's total revenues, and program specific revenue in the form of grants, entitlements and investment earnings accounted for 53% of total revenues.

General fund expenditures totaled \$26.1 million, of which \$15.0 million was spent on instructional services, \$8.2 million was spent on support services, \$0.5 million was spent on non-instructional services, and \$2.4 million was spent on debt service and capital outlay.

On July 9, 2023, the District suffered a devastating flood at the Antietam Middle-Senior High School. Water filled the bottom floor of the building and destroyed classrooms and the mechanical room. Insurance claims were filed, but the building was deemed uninhabitable due to the extensive damage and lack of utilities. As a result, the District recognized an impairment loss of \$2,038,419 on the statement of activities for the year ended June 30, 2024. The impairment loss is composed of \$5,038,419 of capital assets to be demolished offset by \$3,000,000 of related insurance proceeds. The District will use the remaining \$2,000,000 of insurance proceeds in future years for modular classrooms. The impairment loss and insurance proceeds are shown as an extraordinary item on the financial statements because the event was unusual in nature and infrequent in occurrence.

**FINANCIAL STATEMENTS**

The financial statements consist of three parts: Management Discussion and Analysis, the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Antietam School District. The first two statements are government-wide financial statements - the Statement of Net Position and the Statement of Activities. These provide both long-term and short-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail than the government-wide statements. The governmental funds statements tell how the District's services were financed in the short term as well as what remains for future spending. Proprietary fund statements offer short- and long-term financial information about the activities that the District operates like a business. For Antietam, this is our Food Service Fund. Fiduciary fund statements provide information about financial relationships where the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong. The District currently does not have any fiduciary funds.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and reports the financial statements with the comparison of Antietam School District's budget for the year.

Figure A-1 shows how the required parts of the Financial Section are arranged and relate to one another:

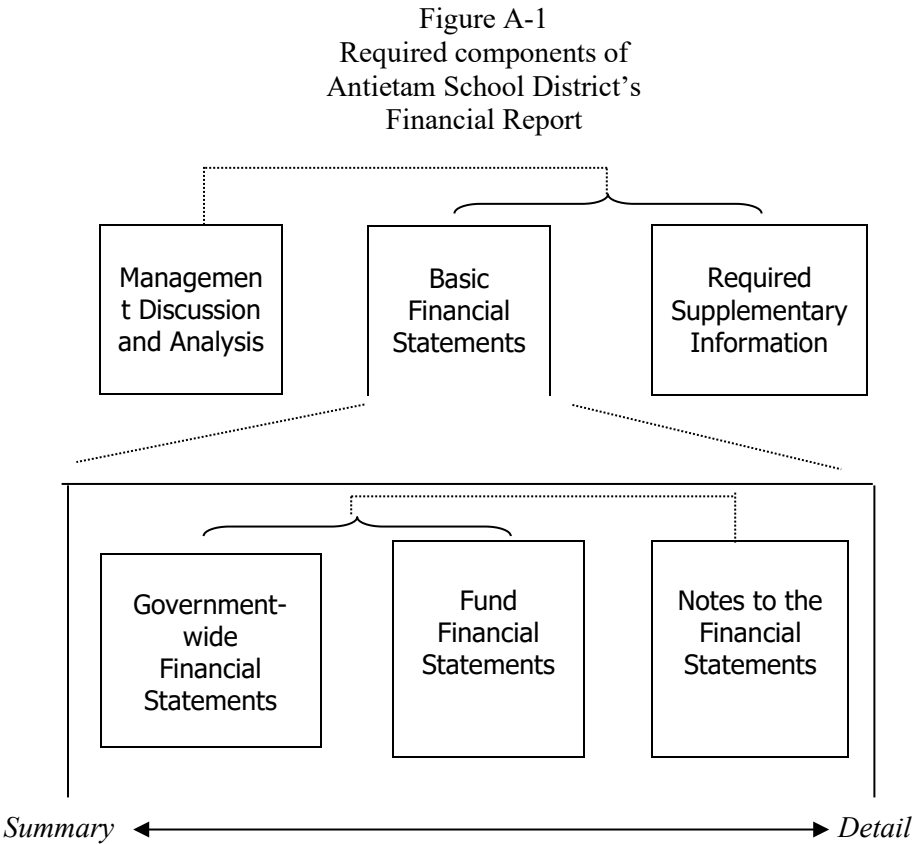




Figure A-2 summarizes the major features of the financial statements, including the portion of the Program they cover and the types of information they contain. The remainder of this overview section of management discussion and analysis explains the structure and contents of each of the statements.

Figure A-2  
Major Features of Antietam School District's  
Government-wide and Fund Financial Statements  
Fund Statements

	Government- Wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds).	The activities of the District that are not proprietary or fiduciary, such as education, administration and community services.	Activities the District operates similar to private business - Food Services.	Instances in which the District is the trustee or agent to someone else's resources.
Required financial statements.	Statement of net position Statement of activities.	Balance Sheet Statement of revenues, expenditures, and changes in fund balance.	Statement of net position Statement of revenues, expenses and changes in net position Statement of cash flows.	Statement of fiduciary net position Statement of changes in fiduciary net position.
Accounting basis and measurement focus.	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.	Accrual accounting and economic resources focus.
Type of asset/liability information.	All assets and liabilities, both financial and capital, and current and noncurrent	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included.	All assets and liabilities, both financial and capital, and current and noncurrent	All assets and liabilities, both current and noncurrent
Type of inflow-outflow information.	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid.	All revenues and expenses during year, regardless of when cash is received or paid.

## OVERVIEW OF FINANCIAL STATEMENTS

### Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred outflows, liabilities, and deferred inflows. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid. The government-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets, deferred outflows, liabilities and deferred inflows, is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indication of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the District, you need to consider additional factors, such as changes in the projected enrollment of the students.

The government-wide financial statements of the District are divided into two categories:

- Governmental activities - Most of the District's basic services are included here, such as instruction, administration and community services. Taxes, state and federal subsidies and grants finance most of these activities.
- Business type activities - The District operates a food service operation and charges fees to staff and students to help it cover the costs of the food service operation.

### Fund Financial Statements

The District's financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required by state law and by bond requirements.

- Governmental funds - Most of the District's activities are reported in governmental funds, which 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 operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.
- Proprietary funds - These funds are used to account for the District's activities that are similar to business operations in the private sector; or where the reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding through user charges. When the District charges customers for services it provides - whether to outside customers or to other units in the District - these services are generally reported in proprietary funds. The Food Service Fund is the District's proprietary fund and is the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows.
- Fiduciary funds - The District is the trustee, or fiduciary, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations. The District currently has no fiduciary funds.

## FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

The District's total net position (deficit) was (\$12,913,611) at June 30, 2024.

Table A-1  
Fiscal Years ended June 30, 2023 and June 30, 2024  
Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>
Current assets	\$ 14,505,657	\$ 26,951,855	\$ 408,374	\$ 402,010	\$ 14,914,031	\$ 27,353,865
Capital assets	<u>13,953,584</u>	<u>10,273,498</u>	<u>240,224</u>	<u>215,456</u>	<u>14,193,808</u>	<u>10,488,954</u>
<b>Total Assets</b>	\$ 28,459,241	\$ 37,225,353	\$ 648,598	\$ 617,466	\$ 29,107,839	\$ 37,842,819
Deferred Outflows	5,376,546	5,343,081	0	0	5,376,546	5,343,081
Current liabilities	\$ 4,302,055	\$ 5,344,595	\$ 9,603	\$ 9,499	\$ 4,311,658	\$ 5,354,094
Long-term liabilities	<u>43,457,119</u>	<u>48,824,653</u>	<u>0</u>	<u>0</u>	<u>43,457,119</u>	<u>48,824,653</u>
<b>Total Liabilities</b>	\$ 47,759,174	\$ 54,169,248	\$ 9,603	\$ 9,499	\$ 47,768,777	\$ 54,178,747
Deferred Inflows	2,426,952	1,920,764	0	0	2,426,952	1,920,764
Net Position						
Invested in capital assets, net of related debt	\$ (2,605,322)	\$ (6,791,859)	\$ 240,224	\$ 215,456	\$ (2,365,098)	\$ (6,576,403)
Restricted for capital projects	514,409	541,913	0	0	514,409	541,913
Restricted other	93,188	85,195	0	0	93,188	85,195
Unrestricted	<u>(14,352,614)</u>	<u>(7,356,827)</u>	<u>398,771</u>	<u>392,511</u>	<u>(13,953,843)</u>	<u>(6,964,316)</u>
<b>Total Net Position (Deficit)</b>	<u>\$ (16,350,339)</u>	<u>\$(13,521,578)</u>	<u>\$ 638,995</u>	<u>\$ 607,967</u>	<u>\$ (15,711,344)</u>	<u>\$ (12,913,611)</u>

A portion of the District's net position is invested in or restricted for capital assets (buildings, land, and equipment) or other purposes. The unrestricted portion of the District's net position at June 30, 2024 is (\$6,964,316).

The results of this year's operations as a whole are reported in the Statement of Activities. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the District's activities that are supported by other general revenues. The largest general revenue category is taxes.

Table A-2 takes the information from that Statement and rearranges it slightly so you can see our total revenues for the year.

Table A-2  
Fiscal Years ended June 30, 2023 and June 30, 2024  
Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total	
	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>
<b>Revenues</b>						
Program Revenue						
Charges for services	\$ 17,289	\$ 13,240	\$ 82,259	\$ 2,581	\$ 99,548	\$ 15,821
Operating grants & contributions	6,846,847	5,832,846	735,865	833,355	7,582,712	6,666,201
Capital grants and contributions	144,135	868,589	0	0	144,135	868,589
General revenues	<u>18,197,312</u>	<u>20,018,238</u>	<u>13,888</u>	<u>17,050</u>	<u>18,211,200</u>	<u>20,035,288</u>
<b>Total Revenues</b>	\$ 25,205,583	\$ 26,732,913	\$ 832,012	\$ 852,986	\$ 26,037,595	\$ 27,585,899
<b>Expenses</b>						
Instruction	\$ 12,449,825	\$ 14,856,047	\$ 0	\$ 0	\$ 12,449,825	\$ 14,856,047
Instructional student support	1,526,485	1,626,530	0	0	1,526,485	1,626,530
Administrative and financial support services	2,324,122	3,763,247	0	0	2,324,122	3,763,247
Operation & Maintenance of Plant Services	2,356,831	2,037,283	0	0	2,356,831	2,037,283
Pupil Transportation	283,122	421,974	0	0	283,122	421,974
Student Activities	490,558	561,548	0	0	490,558	561,548
Community Services	23,309	38,022	0	0	23,309	38,022
Interest on Long-Term Debt	553,654	561,082	0	0	553,654	561,082
Food Services	<u>0</u>	<u>0</u>	<u>743,672</u>	<u>884,014</u>	<u>743,672</u>	<u>884,014</u>
<b>Total Expenses</b>	\$ 20,007,906	\$ 23,865,733	\$ 743,672	\$ 884,014	\$ 20,751,578	\$ 24,749,747
<b>Extraordinary Items</b>						
Insurance recoveries	0	2,000,000	0	0	0	2,000,000
Impairment loss	<u>0</u>	<u>(2,038,419)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(2,038,419)</u>
<b>Total Extraordinary Items</b>	<u>\$ 0</u>	<u>\$ (38,419)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (38,419)</u>
<b>Increase (Decrease) in Net Position</b>	\$ 5,197,677	\$ 2,828,761	\$ 88,340	\$ (31,028)	\$ 5,286,017	\$ 2,797,733
<b>Net Position (Deficit) - Beginning of Year</b>	<u>(21,548,016)</u>	<u>(16,350,339)</u>	<u>550,655</u>	<u>638,995</u>	<u>(20,997,361)</u>	<u>(15,711,344)</u>
<b>Net Position (Deficit) - End of Year</b>	<u>\$ (16,350,339)</u>	<u>\$ (13,521,578)</u>	<u>\$ 638,995</u>	<u>\$ 607,967</u>	<u>\$ (15,711,344)</u>	<u>\$ (12,913,611)</u>

The tables below present the expenses of both the Governmental Activities and the Business-type Activities of the District.

Table A-3 shows the District's total cost of services and net cost (total cost less revenues generated by the activities) for each function. This table also shows the net costs offset by the other unrestricted grants, subsidies, and contributions to show the remaining financial needs supported by local revenue and other miscellaneous revenues.

Table A-3  
Fiscal Years ended June 30, 2023 and June 30, 2024  
Net Cost of Governmental Activities

	Total Cost Of Services		Percentage Change	Net Cost of Services		Percentage Change
	<u>2023</u>	<u>2024</u>	<u>2023-2024</u>	<u>2023</u>	<u>2024</u>	<u>2023-2024</u>
Instruction	\$ 12,449,825	\$ 14,856,047	19.33%	\$ 7,979,096	\$ 10,405,503	30.41%
Instructional						
Student Support	1,526,485	1,626,530	6.55%	1,193,048	1,349,478	13.11%
Administrative and						
Financial Support Services	2,324,122	3,763,247	61.92%	1,954,027	3,310,907	69.44%
Operation & Maintenance						
of Plant Services	2,356,831	2,037,283	-13.56%	998,170	916,920	-8.14%
Pupil Transportation	283,122	421,974	49.04%	102,068	226,744	122.15%
Student Activities	490,558	561,548	14.47%	350,465	399,862	14.09%
Community Services	23,309	38,022	63.12%	13,242	34,261	158.73%
Interest on Long-Term Debt	<u>553,654</u>	<u>561,082</u>	<u>1.34%</u>	<u>409,519</u>	<u>507,383</u>	<u>23.90%</u>
	<u>\$ 20,007,906</u>	<u>\$ 23,865,733</u>	<u>19.28%</u>	<u>\$ 12,999,635</u>	<u>\$ 17,151,058</u>	<u>31.93%</u>

Table A-4 reflects the activities of the Food Service program, the only Business-type activity of the District.

Table A-4  
Fiscal Years ended June 30, 2023 and June 30, 2024  
Net Cost of Business-type Activities

	Total Cost of Services		Percentage Change	Net Cost (Income) of Services		Percentage Change
	<u>2023</u>	<u>2024</u>	<u>2023-2024</u>	<u>2023</u>	<u>2024</u>	<u>2023-2024</u>
Food Services	<u>\$ 743,672</u>	<u>\$ 884,014</u>	<u>18.87%</u>	<u>\$ (74,452)</u>	<u>\$ 48,078</u>	<u>-164.58%</u>

The Statement of Revenues, Expenses and Change in Net Position for this proprietary fund will further detail the actual results of operations.

### Fund Balances

At June 30, 2024, the District's governmental funds reported a combined fund balance of \$22,904,463, which is an increase of \$11,596,823 from June 30, 2023. This increase was due to actual General Fund revenues and expenses netting an increase to the fund balance of \$398,157 and insurance recoveries of \$5 million while the Capital Projects Fund netted a increase of \$6.2 million due to the issuance of bonds in the amount of 7.3 million. The District received an increase in Real Estate Taxes, Earned Income Tax, Real Estate Transfer Tax, Investment Earnings, federal and State Subsidies. Federal ARP ESSER Funds were fully expended and revenue due accounted for in the 2023-2024 fiscal year.

#### General Fund:

The unassigned fund balance of \$2,290,800 is 8% of the 2024-2025 budgeted general fund expenditures. The committed fund balance of \$5,131,082 will be used for future retirement costs, which have increased significantly over the last several years. The assigned fund balance of \$6,260,585 will be used for 2024-2025 budgeted expenditures and capital projects.

#### Capital Projects Fund:

The restricted fund balance of \$8,409,708 will be used for the repair, maintenance, and replacement of the District's capital assets on a prioritized basis, as approved by the Board of School Directors.

### General Fund Budget

During the fiscal year the Board of School Directors authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided.

The Budgetary Reserve includes amounts that may be transferred into expenditure accounts for unplanned expenditures. These amounts will only be appropriated into expenditure categories when the expenditure is necessary for the operation of the District. Any budget reserve amount not appropriated during the year will become part of the unreserved fund balance and available for future years' budgeting.

For the current year, revenue exceeded budget by \$2.3 million as a result of earned income taxes, interest revenue, and state funding exceeding projections. Additionally, the District received \$5 million in insurance proceeds which were not budgeted and are shown as an extraordinary item.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2024, the District had \$10,273,498 in governmental activities and \$215,456 in business-type activities invested in a broad range of capital assets, including land, buildings, and furniture and equipment.

Table A-5  
Governmental and Business-Type Activities  
Fiscal years ended June 30, 2023 and June 30, 2024  
Capital Assets (net of depreciation/amortization)

	Governmental Activities		Business-Type Activities		Total	
	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>
Land	\$310,056	\$310,056	\$0	\$0	\$310,056	\$310,056
Land Improvements	60,904	51,748	0	0	60,904	51,748
Buildings and Building Improvements	10,462,115	5,258,662	0	0	10,462,115	5,258,662
Fixtures and Equipment	1,340,433	1,364,551	240,224	215,456	1,580,657	1,580,007
Construction in Progress	1,763,987	3,242,150	0	0	1,763,987	3,242,150
Right-to-use Lease Equipment	<u>16,089</u>	<u>46,331</u>	<u>0</u>	<u>0</u>	<u>16,089</u>	<u>46,331</u>
	<u>\$13,953,584</u>	<u>\$10,273,498</u>	<u>\$240,224</u>	<u>\$215,456</u>	<u>\$14,193,808</u>	<u>\$10,488,954</u>

The decrease in capital assets can be attributed to an impairment loss as a result of the flooding in July 2023. See Note 7 for additional information.

### Debt Administration

Bond Obligations - As of June 30, 2023 and June 30, 2024 the Antietam School District had outstanding bond obligations of \$18,145,000 and \$24,355,000, respectively.

Leases - The two capital leases for technology equipment the District had entered into have been closed. In 2023-2024 the District entered into a three (3) year lease agreement for modular classrooms. The only other remaining leases are four operating leases for copiers.

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

See Note 8 for more information on Debt of the District.

## **FACTORS BEARING ON ANTIETAM SCHOOL DISTRICT'S FUTURE**

Factors that will affect the future finances of the District are employee health benefits, PSERS retirement rates (2024-2025 actual: 33.9%; and 2025-2026 projected: 34%), special education costs, cyber-charter school costs, collective bargaining agreements with the Education Association, and future funding by the Pennsylvania Department of Education.

Another major factor bearing on the District's future is the continued recovery from a devastating flood that occurred on July 9, 2023 that severely damaged the bottom floor of the Antietam Middle-Senior High School building and destroyed the buildings infrastructure. The District has reconfigured its building structure as follows: Mount Penn Primary Center is now the Antietam High School and houses grades 9-12; Mount Penn Elementary Center is now the Kerry C. Hoffman Intermediate School and houses grades 4-8 and a new building will be constructed near the site of the former MS/HS out of the flood plain area and will become the Stony Creek Elementary Center and house grades K-3. Grades K-3 are currently located on the site at Antietam Road and are housed in temporary modular classrooms until the completion of the new elementary center. Many different funding avenues are being explored to finance the new elementary center with 11.3 million dollars being secured so far in grants from the Commonwealth. Discussion on this topic occurs monthly at the advertised School board meetings.

## **CONTACTING THE SCHOOL FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to show the Board of School Director's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact the Business Office, Antietam School District, 100 Antietam Road, Reading, PA 19606.



**ANTIETAM SCHOOL DISTRICT**

**STATEMENT OF NET POSITION**

**June 30, 2024**

	Governmental Activities	Business- Type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 22,158,328	\$ 363,683	\$ 22,522,011
Taxes receivable, net	426,057	-	426,057
Internal balances	(14,565)	14,565	-
Intergovernmental receivables	1,638,261	3,821	1,642,082
Other receivables	2,016,681	413	2,017,094
Inventories	-	19,528	19,528
Prepaid expenses	727,093	-	727,093
Capital assets:			
Capital assets not being depreciated	3,552,206	-	3,552,206
Capital assets, net of accumulated depreciation	6,674,961	215,456	6,890,417
Right-to-use assets, net of accumulated amortization	46,331	-	46,331
<b>TOTAL ASSETS</b>	<b>37,225,353</b>	<b>617,466</b>	<b>37,842,819</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on bond refunding	543,713	-	543,713
Deferred outflows of resources for pension	4,428,097	-	4,428,097
Deferred outflows of resources for other postemployment benefits	371,271	-	371,271
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>5,343,081</b>	<b>-</b>	<b>5,343,081</b>
<b>LIABILITIES</b>			
Intergovernmental payables	313,138	-	313,138
Accounts payable	1,245,214	3,834	1,249,048
Accrued interest	154,138	-	154,138
Accrued salaries and benefits	1,670,030	-	1,670,030
Unearned revenues	609,627	5,665	615,292
Other current liabilities	56,031	-	56,031
Noncurrent liabilities, due within one year	1,296,417	-	1,296,417
Noncurrent liabilities:			
Bonds payable, net	23,450,659	-	23,450,659
Leases payable	22,022	-	22,022
Long-term portion of compensated absences	143,537	-	143,537
Net pension liability	23,311,000	-	23,311,000
Net other postemployment benefit liabilities	1,897,435	-	1,897,435
<b>TOTAL LIABILITIES</b>	<b>54,169,248</b>	<b>9,499</b>	<b>54,178,747</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources for pension	1,060,000	-	1,060,000
Deferred inflows of resources for other postemployment benefits	860,764	-	860,764
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,920,764</b>	<b>-</b>	<b>1,920,764</b>
<b>NET POSITION</b>			
Net investment in capital assets	(6,791,859)	215,456	(6,576,403)
Restricted for capital projects	541,913	-	541,913
Restricted for purpose by donor	85,195	-	85,195
Unrestricted (deficit)	(7,356,827)	392,511	(6,964,316)
<b>TOTAL NET POSITION (DEFICIT)</b>	<b>\$ (13,521,578)</b>	<b>\$ 607,967</b>	<b>\$ (12,913,611)</b>

See accompanying notes.

**ANTIETAM SCHOOL DISTRICT**

**STATEMENT OF ACTIVITIES**

**For the Year Ended June 30, 2024**

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating	Capital	Governmental Activities	Business-Type Activities	Total
			Grants and Contributions	Grants and Contributions			
<b>Governmental Activities</b>							
Instruction	\$ 14,856,047	\$ -	\$ 4,450,544	\$ -	\$ (10,405,503)	\$ -	\$ (10,405,503)
Instructional student support	1,626,530	-	277,052	-	(1,349,478)	-	(1,349,478)
Administrative and financial support services	3,763,247	-	452,340	-	(3,310,907)	-	(3,310,907)
Operation and maintenance of plant services	2,037,283	210	305,263	814,890	(916,920)	-	(916,920)
Pupil transportation	421,974	-	195,230	-	(226,744)	-	(226,744)
Student activities	561,548	13,030	148,656	-	(399,862)	-	(399,862)
Community services	38,022	-	3,761	-	(34,261)	-	(34,261)
Interest on long-term debt	561,082	-	-	53,699	(507,383)	-	(507,383)
<b>Total Governmental Activities</b>	23,865,733	13,240	5,832,846	868,589	(17,151,058)	-	(17,151,058)
<b>Business-Type Activities</b>							
Food services	884,014	2,581	833,355	-	-	(48,078)	(48,078)
<b>Total Primary Government</b>	<u>\$ 24,749,747</u>	<u>\$ 15,821</u>	<u>\$ 6,666,201</u>	<u>\$ 868,589</u>	(17,151,058)	(48,078)	(17,199,136)
<b>General Revenues</b>							
Taxes:							
Property taxes					11,139,685	-	11,139,685
Public utility realty, earned income and mercantile taxes					1,383,094	-	1,383,094
Grants, subsidies, and contributions not restricted for specific programs					6,449,758	-	6,449,758
Investment earnings					986,224	17,050	1,003,274
Miscellaneous revenue					59,477	-	59,477
<b>Total General Revenues</b>					20,018,238	17,050	20,035,288
<b>Extraordinary Items</b>							
Insurance recoveries					2,000,000	-	2,000,000
Impairment loss					(2,038,419)	-	(2,038,419)
<b>Total Extraordinary Items</b>					(38,419)	-	(38,419)
<b>Change in Net Position</b>					2,828,761	(31,028)	2,797,733
<b>Net Position (Deficit) - Beginning of year</b>					(16,350,339)	638,995	(15,711,344)
<b>Net Position (Deficit) - End of Year</b>					<u>\$ (13,521,578)</u>	<u>\$ 607,967</u>	<u>\$ (12,913,611)</u>

See accompanying notes.

**ANTIETAM SCHOOL DISTRICT**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

**June 30, 2024**

	General	Capital Projects	Nonmajor Special Revenue Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 12,926,361	\$ 9,145,773	\$ 86,194	\$ 22,158,328
Taxes receivable	431,780	-	-	431,780
Interfund receivable	1,224,123	482,218	-	1,706,341
Intergovernmental receivables	1,638,261	-	-	1,638,261
Other receivables	2,016,681	-	-	2,016,681
Prepaid expenditures	727,093	-	-	727,093
<b>TOTAL ASSETS</b>	<b>\$ 18,964,299</b>	<b>\$ 9,627,991</b>	<b>\$ 86,194</b>	<b>\$ 28,678,484</b>
<b>LIABILITIES, DEFERRED INFLOWS OF OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Interfund payable	\$ 501,624	\$ 1,218,283	999	\$ 1,720,906
Intergovernmental payables	313,138	-	-	313,138
Accounts payable	441,720	-	-	441,720
Accounts payable - construction	676,427	-	-	676,427
Accrued salaries and benefits	1,670,030	-	-	1,670,030
Unearned revenues	609,627	-	-	609,627
Other liabilities	56,031	-	-	56,031
<b>TOTAL LIABILITIES</b>	<b>4,268,597</b>	<b>1,218,283</b>	<b>999</b>	<b>5,487,879</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	286,142	-	-	286,142
<b>FUND BALANCES</b>				
Nonspendable	727,093	-	-	727,093
Restricted	-	8,409,708	85,195	8,494,903
Committed	5,131,082	-	-	5,131,082
Assigned	6,260,585	-	-	6,260,585
Unassigned	2,290,800	-	-	2,290,800
<b>TOTAL FUND BALANCES</b>	<b>14,409,560</b>	<b>8,409,708</b>	<b>85,195</b>	<b>22,904,463</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 18,964,299</b>	<b>\$ 9,627,991</b>	<b>\$ 86,194</b>	<b>\$ 28,678,484</b>

See accompanying notes.

**ANTIETAM SCHOOL DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
GOVERNMENT-WIDE STATEMENT OF NET POSITION**

**June 30, 2024**

**Amounts reported for governmental activities in the statement of net position are different because:**

<b>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS</b>	\$	22,904,463
Capital and right-to-use assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$36,106,729 and the accumulated depreciation/amortization is \$25,833,231.		10,273,498
Retainage payable is not recorded in governmental funds when it is not going to be paid with current resources, but is reported as payable and included in construction-in-progress in governmental activities.		(127,067)
Property and other taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and therefore are reported as unavailable revenue in the funds adjusted for allowance for doubtful accounts.		280,419
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Bonds payable	\$ (24,355,000)	
Leases payable	(47,712)	
Accrued interest on bonds and leases	(154,138)	
Unamortized bond premium	(439,368)	
Unamortized bond discount	168,709	
Deferred charge on bond refunding	543,713	
Compensated absences	<u>(239,264)</u>	(24,523,060)
The net pension liability and related deferred outflows and inflows of resources for pensions are not reflected on the fund financial statements.		(19,942,903)
The net other postemployment benefit liabilities and related deferred outflows and inflows of resources for other postemployment benefits are not reflected on the fund financial statements.		<u>(2,386,928)</u>
<b>TOTAL NET POSITION (DEFICIT) - GOVERNMENTAL ACTIVITIES</b>	\$	<u><u>(13,521,578)</u></u>

**ANTIETAM SCHOOL DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

**For the Year Ended June 30, 2024**

	General	Capital Projects	Nonmajor Special Revenue Funds	Total Governmental Funds
<b>REVENUES</b>				
Local sources	\$ 13,731,117	\$ 151,417	\$ 106,592	\$ 13,989,126
State sources	10,929,890	-	-	10,929,890
Federal sources	1,813,897	-	-	1,813,897
<b>TOTAL REVENUES</b>	26,474,904	151,417	106,592	26,732,913
<b>EXPENDITURES</b>				
Current:				
Instructional services	14,990,072	-	-	14,990,072
Support services	8,175,298	194,616	-	8,369,914
Operation of noninstructional services	506,829	-	114,585	621,414
Capital outlay	806,051	947,578	-	1,753,629
Debt service:				
Principal	1,164,489	-	-	1,164,489
Interest	484,249	-	-	484,249
<b>TOTAL EXPENDITURES</b>	26,126,988	1,142,194	114,585	27,383,767
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	347,916	(990,777)	(7,993)	(650,854)
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of bonds	-	7,355,000	-	7,355,000
Proceeds from lease issuance	50,241	-	-	50,241
Bond discount	-	(157,564)	-	(157,564)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	50,241	7,197,436	-	7,247,677
<b>NET CHANGE IN FUND BALANCE BEFORE EXTRAORDINARY ITEM</b>	398,157	6,206,659	(7,993)	6,596,823
<b>EXTRAORDINARY ITEM</b>				
Insurance recoveries	5,000,000	-	-	5,000,000
<b>NET CHANGE IN FUND BALANCES</b>	5,398,157	6,206,659	(7,993)	11,596,823
<b>FUND BALANCES - BEGINNING OF YEAR</b>	9,011,403	2,203,049	93,188	11,307,640
<b>FUND BALANCES - END OF YEAR</b>	\$ 14,409,560	\$ 8,409,708	\$ 85,195	\$ 22,904,463

See accompanying notes.

# ANTIETAM SCHOOL DISTRICT

## RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2024

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

**NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** \$ 11,596,823

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation and amortization expense. In addition, impairment expense is reported on the statement of activities net of related insurance proceeds.

Capital outlays	\$ 2,462,501	
Less: impairment loss	(5,038,419)	
Less: depreciation and amortization expense	(1,104,168)	(3,680,086)

Issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.

Issuance of bonds	(7,355,000)	
Repayment of bond principal	1,145,000	
Bond discount incurred	157,564	
Issuance of lease	(50,241)	
Repayment of lease principal	19,489	
Amortization of bond discount	(1,973)	
Amortization of bond premium	34,460	
Amortization of deferred charge on bond refunding	(75,719)	(6,126,420)

Interest expense incurred on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires the use of current financial resources.

(33,601)

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

Retainage payable	(127,067)	
Compensated absences	9,783	
Net pension liability and related deferred outflows and inflows	1,179,053	
Net OPEB liability and related deferred outflows and inflows	10,276	1,072,045

**CHANGE IN NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES** \$ 2,828,761

**ANTIETAM SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**

**June 30, 2024**

	<u>Enterprise Fund Food Service</u>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and investments	\$ 363,683
Interfund receivable	14,565
Intergovernmental receivables	3,821
Other receivables	413
Inventories	<u>19,528</u>
<b>TOTAL CURRENT ASSETS</b>	402,010
<b>NONCURRENT ASSETS</b>	
Furniture and equipment, net	<u>215,456</u>
<b>TOTAL ASSETS</b>	<u>617,466</u>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable	3,834
Unearned revenues	<u>5,665</u>
<b>TOTAL LIABILITIES</b>	<u>9,499</u>
<b>NET POSITION</b>	
Investment in capital assets	215,456
Unrestricted net position	<u>392,511</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 607,967</u></u>

See accompanying notes.

**ANTIETAM SCHOOL DISTRICT**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUND**

**For the Year Ended June 30, 2024**

	<u>Enterprise Fund Food Service</u>
<b>OPERATING REVENUES</b>	
Food service revenue	\$ 2,581
<b>TOTAL OPERATING REVENUES</b>	<b>2,581</b>
<b>OPERATING EXPENSES</b>	
Salaries	18,749
Employee benefits	7,756
Purchased professional and technical services	328,415
Purchased property services	32,536
Supplies	467,959
Depreciation	28,440
Other operating expenses	<u>159</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>884,014</u></b>
<b>OPERATING LOSS</b>	<b>(881,433)</b>
<b>NONOPERATING REVENUES</b>	
Earnings on investments	17,050
State sources	36,560
Federal sources	<u>796,795</u>
<b>TOTAL NONOPERATING REVENUES</b>	<b><u>850,405</u></b>
<b>CHANGE IN NET POSITION</b>	<b>(31,028)</b>
<b>NET POSITION - BEGINNING OF YEAR</b>	<b><u>638,995</u></b>
<b>NET POSITION - END OF YEAR</b>	<b><u><u>\$ 607,967</u></u></b>



ANTIETAM SCHOOL DISTRICT

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND

For the Year Ended June 30, 2024

	Enterprise Fund Food Service
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Received from users	\$ 7,619
Payments to employees for services	(26,505)
Payments to suppliers for goods and services	(766,439)
<b>NET CASH USED FOR OPERATING ACTIVITIES</b>	(785,325)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
State sources	36,560
Federal sources	733,147
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	769,707
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchases of capital assets	(3,672)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Earnings on investments	17,050
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(2,240)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	365,923
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 363,683</u>

**ANTIETAM SCHOOL DISTRICT**

**STATEMENT OF CASH FLOWS - CONTINUED  
PROPRIETARY FUND**

**For the Year Ended June 30, 2024**

	<u>Enterprise Fund Food Service</u>
<b><u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</u></b>	
Operating loss	\$ (881,433)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	28,440
Donated commodities used	65,318
Changes in assets and liabilities:	
Interfund receivable	3,214
Other receivables	(388)
Inventories	(2,292)
Interfund payable	1,920
Accounts payable	(2,316)
Unearned revenues	<u>2,212</u>
Total adjustments	<u>96,108</u>
<b>NET CASH USED FOR OPERATING ACTIVITIES</b>	<b><u><u>\$ (785,325)</u></u></b>

**NONCASH NONCAPITAL FINANCING ACTIVITIES**

During the year, the District used \$65,318 of commodities from the  
U.S. Department of Agriculture.

## **ANTIETAM SCHOOL DISTRICT**

### **NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2024**

Antietam School District (the "District") is located in Berks County, Pennsylvania. The District's tax base consists of Lower Alsace Township and the Borough of Mount Penn. Antietam School District is governed by a board of nine school directors who are residents of the District and who are elected every two years, on a staggered basis, for a four-year term.

The board of school directors has the power and duty to establish, equip, furnish, and maintain a sufficient number of elementary, secondary, and other schools necessary to educate every person, residing in such district, between the ages of 6 and 21 years, who may attend.

In order to establish, enlarge, equip, furnish, operate, and maintain any school herein provided, or to pay any school indebtedness which the District is required to pay, or to pay an indebtedness that may at any time hereafter be created by the District, the board of school directors are vested with all the necessary authority and power annually to levy and collect the necessary taxes required and granted by the legislature, in addition to the annual state appropriation, and are vested with all necessary power and authority to comply with and carry out any or all of the provisions of the Public School Code of 1949.

#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The financial statements of Antietam School District have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting principles are as follows:

##### **A. Reporting Entity**

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the District and its component units.

The District used guidance contained in generally accepted accounting principles to evaluate the possible inclusion of related entities (authorities, boards, councils, fiduciary activities, etc.) within its reporting entity. Accounting principles generally accepted in the United States of America require that the reporting entity consists of the primary government and legally separate entities for which the primary government is financially accountable. In addition, the primary government may determine through the exercise of management's professional judgment that the inclusion of a legally separate entity that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, that legally separate entity should be included as a component unit if the nature and significance of their relationship with the primary government or other component units are such that the exclusion from the financial reporting entity would render the financial reporting entity's financial statements incomplete or misleading. In evaluating how to define the reporting entity, management has considered all potential component units.

Based on the foregoing criteria, the District has determined it has no component units.

## ANTIETAM SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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##### A. Reporting Entity - continued

Governments commonly enter into special arrangements with each other to provide or obtain needed services. A common type of such an arrangement is a joint venture. In addition to joint ventures, governments also enter into contracts to plan for and address certain activities for their mutual benefits; i.e., a jointly governed organization. The District has one of each of these relationships:

**Joint Venture:** The District is a participating member of the Berks Career & Technology Center. See Note 11 for details of involvement and financial information of the joint venture.

**Jointly Governed Organizations:** The District is a participating member of the Berks County Intermediate Unit (BCIU). The BCIU is run by a joint committee consisting of members from each participating district. No participating district appoints a majority of the joint committee. The board of school directors of each participating district must approve BCIU's annual operating budget.

The BCIU is a self-sustaining organization that provides services for fees to participating districts. As such, the District has no ongoing financial interest or responsibility in the BCIU. The BCIU contracts with participating districts to supply special education services, computer services, and to act as a conduit for certain federal programs.

##### B. Basis of Presentation - Government-Wide Financial Statements

Government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the reporting entity, except for its fiduciary activities. All fiduciary activities are reported only in the fund financial statements. The government-wide statements include separate columns for the governmental and business-type activities of the primary government, as well as any discretely presented component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function to the District are offset by the program revenues related to that function. Direct expenses are those that are directly related to and clearly identified with a function. Program revenues include 1) charges to customers or others who purchase, use, or directly benefit from services or goods provided by a given function, or 2) grants and contributions that are restricted to meet the operational or capital requirements of a function. Taxes and other items properly not included in program revenues are reported as general revenues.

## ANTIETAM SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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##### B. Basis of Presentation - Government-Wide Financial Statements - continued

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are the contributions made to any component units from the District's governmental funds and transfers between governmental funds and business-type and fiduciary funds. Elimination of these contributions would distort the direct costs and program revenues reported for the various functions concerned.

##### C. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Fiduciary funds are reported by fund type. The District does not have any fiduciary funds.

##### The District Reports the Following Major Governmental Funds:

**General Fund:** This fund is established to account for resources devoted to financing the general services that the District performs. Intergovernmental revenues and other sources of revenue used to finance the fundamental operations of the District are included in this fund. The fund is charged with all costs of operating the District for which a separate fund has not been established.

**Capital Projects Fund:** This fund is established to account for financial resources to be used for the acquisition or construction of major capital equipment and facilities (other than those financed by proprietary funds).

Components of the District's Capital Projects Fund consist of:

*Capital Reserve Component* - This component was created in accordance with Section 1432 of the Municipal Code. The Municipal Code restricts how the resources are spent within this fund.

*Construction Component* - The District established the construction component with the series 2021 and 2020 General Obligation Bond bond issues, which provided resources to fund various capital projects of the District. The Series 2024 General Obligation Bond issue is also recorded in this component.

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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C. Basis of Presentation - Fund Financial Statements - continued

**The District Reports the Following Nonmajor Governmental Funds:**

**Special Revenue Funds** - These funds are established to account for the cash receipts of specific sources other than expendable trusts or major capital projects that are legally restricted to disbursements for specified purposes. The District has the following nonmajor special revenue funds:

***Scholarship Fund:*** This fund is established to account for financial resources to be used for various scholarship accounts.

***Student Activity Fund:*** This fund is established to account for financial resources to be used for various student activity and athletic clubs.

**The District has the Following Major Enterprise Fund:**

***Food Service Fund:*** The food service fund is authorized under Section 504 of the Public School Code of 1949 to account for all revenues, food purchases, and costs and expenses for the food service program. The food service fund is the District's only major enterprise fund where the intent of the governing body is that the costs of providing food services are covered by user charges and subsidies received.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as interfund receivables and payables. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

## ANTIETAM SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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##### D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide and proprietary financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service fund are charges to customers for sales and services provided. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and state subsidies are considered non-operating revenues as no exchange transaction occurs.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes and interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. If time-eligibility requirements are not met, deferred inflows of resources would be recorded. All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt, including leases payable, are reported as other financing sources.

## ANTIETAM SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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##### **E. Budgetary Process**

An operating budget is adopted prior to the beginning of each year for the General Fund on the modified accrual basis of accounting. The General Fund is the only fund for which a budget is legally required.

In accordance with Act 1 of 2006, the board shall annually, but not later than 110 days before the primary election, decide the budget option to be used for the following fiscal year. The board shall approve either the Accelerated Budget Process Option or the Board Resolution Option.

##### **Accelerated Budget Process Option**

Under this option, a preliminary budget must be adopted 90 days prior to the primary election. The preliminary budget must be available for public inspection at least 20 days prior to the budget adoption. The board shall give public notice of its intent to adopt the preliminary budget at least 10 days prior to the adoption.

If the primary budget exceeds the increase authorized by the Index, an application for an exception may be filed with the Pennsylvania Department of Education and made available for public inspection. The board may opt to forego applying for an exception by submitting a referendum question seeking voter approval for a tax increase in accordance with Act 1.

The final budget shall include any necessary changes from the adopted preliminary budget. Any reduction required as the result of the failure of referendum shall be clearly stated. The final budget shall be made available for public inspection at least 20 days prior to final adoption. The board shall annually adopt the final budget by a majority vote of all members of the board prior to June 30.

##### **Board Resolution Option**

Under the Board Resolution Option, the board shall adopt a resolution that it will not raise the rate of any tax for the following fiscal year by more than the Index. Such resolution shall be adopted no later than 110 days prior to the primary election. At least 30 days prior to adoption of the final budget, the board shall prepare a proposed budget. The proposed budget shall be available for public inspection at least 20 days prior to adoption of the budget. The board shall give public notice of its intent to adopt at least 10 days prior to adoption of the proposed budget. The board shall annually adopt the final budget by a majority vote of all members of the board by June 30.

Legal budgetary control is maintained at the sub-function/major object level. The PA School Code allows the school board to make budgetary transfers between major function and major object codes only within the last nine months of the fiscal year, unless there is a two-thirds majority of the board approving the transfer. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effect of approved budget amendments.



## ANTIETAM SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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##### F. Financial Position

###### 1. Cash and Cash Equivalents

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

###### 2. Investments

Investments are stated at fair value in accordance with Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*, except for investments in external investment pools, which are valued at amortized costs if required criteria are met as outlined in Governmental Accounting Standards Board Statement No. 79, *Certain External Investment Pools and Pool Participants*.

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

Investments are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near-term and that such changes could materially affect the amounts reported in the statement of net position.

###### 3. Interfund Transactions

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the year are referred to as "interfund receivables/payables." Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide financial statements as "internal balances."

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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F. Financial Position - continued

4. Inventories and Prepaid Items

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

Inventories of the governmental funds, consisting principally of textbooks and instructional supplies, utilize the purchase method; that is, they are charged to expenditures when purchased.

Inventories of the enterprise fund consisting of food and paper supplies are carried at cost using the first-in, first-out method. Federal donated commodities are valued at their fair market value as determined by the U.S. Department of Agriculture at the date of donation. The inventories on hand at June 30, 2024, consist of the following:

Purchased food/supplies	\$ 18,779
Donated commodities	<u>749</u>
	<u>\$ 19,528</u>

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The costs of prepaid items are recorded as expenditures/expenses when consumed rather than when purchased.

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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F. Financial Position - continued

5. Capital Assets, Depreciation, and Amortization

The District's capital assets, with useful lives of more than one year, are stated at historical cost and comprehensively reported in the government-wide financial statements. Proprietary capital assets are also reported in their respective financial statements. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. Donated capital assets are recorded at the acquisition value at the date of its donation. Right-to-use assets are reported when a qualifying lease liability is incurred.

The District generally capitalizes assets with costs of \$2,500 or more as purchase and construction outlays occur. Management has elected to include certain homogeneous asset categories with individual assets less than \$2,500 as composite groups for financial reporting purposes. Assets purchased or constructed with long-term debt may be capitalized regardless of the threshold established. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Construction in progress is stated at cost and consists primarily of costs incurred on construction projects. No provision for depreciation is made on construction in progress until the assets are complete and placed into service. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation or amortization are removed from the respective accounts, and the resulting gain or loss is recorded in operations. If the gain or loss is not within the control of management, unusual in nature, and infrequent in occurrence, the loss is reflected as an extraordinary item.

Estimated useful lives for depreciable and amortizable assets are as follows:

Assets	Years
Buildings	45
Building improvements	7 - 30
Land improvements	15 - 20
Furniture and equipment	3 - 15
Right-to-use assets	3 - 5

## ANTIETAM SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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##### **F. Financial Position - continued**

###### **6. Valuation of Long-Lived Assets**

Long-lived assets to be held and used are required to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In general, any long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell. The District periodically evaluates the recoverability of its long-lived assets, including real estate and improvements and deferred costs, using objective methodologies. Such methodologies include evaluations based on cash flows generated by the underlying assets or other determinants of fair value. See note 7 for further information on impaired assets during the current year.

###### **7. Unearned Revenues**

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

###### **8. Compensated Absences**

District policies permit employees to accumulate earned but unused vacation, personal, and sick days based on employment agreements. Payments for vacation, sick pay, and personal leave are expensed as paid in the governmental fund statements. Accumulated vacation, personal, and sick leave that is expected to be liquidated with expendable available financial resources and that has matured is reported as an expenditure and a fund liability in the governmental fund that will pay it. Accumulated vacation, personal, or sick leave that is not expected to be liquidated with expendable available financial resources and that has not matured is reported as a long-term liability in the government-wide financial statements and is expensed as incurred.

###### **9. Long-Term Obligations**

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

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

## ANTIETAM SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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##### F. Financial Position - continued

###### 10. Leases

Antietam School District is a lessee for noncancellable leases of equipment. The District recognizes a lease liability and an intangible right-to-use asset (lease asset) in the government-wide financial statements.

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

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

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

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

Lease assets are reported with capital assets as right-to-use assets and lease liabilities are reported with noncurrent liabilities on the statement of net position.

## ANTIETAM SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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##### F. Financial Position - continued

###### 11. Pension

The District contributes to the Public School Employees Retirement System (PSERS), a cost-sharing multiple-employer defined benefit pension plan. The District accounts for the plan under the provisions of GASB Statement No. 68, which establishes standards for the measurement, recognition, and display of pension expense and related liabilities, deferred outflows and deferred inflows of resources related to pension, certain required supplementary information, and note disclosures.

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

###### 12. Other Postemployment Benefits (OPEB)

The District's other postemployment benefit plans are accounted for under the provisions of GASB Statement No. 75, which establishes standards for the measurement, recognition, and display of other postemployment benefit expense and related liabilities, deferred outflows and deferred inflows of resources related to other postemployment benefits, certain required supplementary information, and note disclosures. The District provides OPEB under the following two plans:

###### PSERS OPEB Plan

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the PSERS and additions to/deductions from PSERS' fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

###### District OPEB Plan

The District sponsors a single-employer defined benefit OPEB plan. For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. The District OPEB plan is unfunded.

## ANTIETAM SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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##### F. Financial Position - continued

##### 13. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expenses) until then. The District has three items that qualify for reporting in this category:

*A deferred charge on bond refunding* results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

*Deferred outflows of resources for pension* relate to the District's net pension liability and pension expense and arise from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the pension plan, or changes in the internal allocation of the net pension liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred outflow. Also included are contributions made to the pension plan subsequent to the measurement date and prior to the District's year end. The contributions will be recognized as a reduction in net pension liability in the following year.

*Deferred outflows of resources for other postemployment benefits* relate to the District's liability for postemployment benefits other than pensions and related expenses and arise from the changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the plan, or changes in the internal allocation of the net other postemployment benefit liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred outflow. Also included are contributions or benefit payments made subsequent to the measurement date and prior to the District's year end. These payments will be recognized as a reduction to the net other postemployment benefit liability in the following year.

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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F. Financial Position - continued

**13. Deferred Outflows/Inflows of Resources - continued**

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three types of items that qualify for reporting in this category:

*Unavailable revenue* arises only under a modified accrual basis of accounting and is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source - property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

*Deferred inflows of resources for pension* relate to the District's net pension liability and pension expense and arise from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the pension plan, or changes in the internal allocation of the net pension liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred inflow.

*Deferred inflows of resources for other postemployment benefits* relate to the District's liability for postemployment benefits other than pensions and related expenses and arise from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the plan, or changes in the internal allocation of the other postemployment benefit liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred inflow.



**ANTIETAM SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**F. Financial Position - continued**

**14. Net Position and Flow Assumptions**

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in capital assets component of net position is comprised of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. In addition, any deferred outflows of resources and/or deferred inflows of resources related to such capital assets or liabilities associated with the capital assets should also be added to or deducted from the overall net investment in capital assets. If there are unspent related debt proceeds at year-end, the portion of debt attributed to the unspent bond proceeds is not included in the calculation of net investment in capital assets. The restricted component of net position is used when there are limitations imposed on their use either through the enabling legislation adopted by a higher governmental authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining component of net position is unrestricted.

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

**15. Fund Balance Policies and Flow Assumptions**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The nonspendable fund balance classification represents assets in nonspendable form and includes items such as prepaid expenditures and inventory.

The restricted fund balance classification represents funds that are limited in use due to constraints for a specific purpose through restrictions by external parties, grant agreements, or enabling legislation.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The board of school directors is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

**ANTIETAM SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**F. Financial Position - continued**

**15. Fund Balance Policies and Flow Assumptions - continued**

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Superintendent and Director of Finance and Business Services may assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The District will strive to maintain an unassigned general fund balance of not less than 6% and not more than 8% of the budgeted expenditures for that fiscal year set by board resolution.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. The District's policy does not dictate whether restricted or unrestricted is spent first when resources are available in both categories. As such, in these circumstances, restricted will be assumed to have been spent first, followed by the unrestricted categories. The District's policy also places no restrictions on the order of the unrestricted fund balances used. As such, committed amounts will be reduced first, followed by assigned amounts, and then unassigned amounts.

**G. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**ANTIETAM SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2024**

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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**A. Compliance with Finance Related Legal and Contractual Provisions**

The District had no material violations of finance related legal and contractual provisions.

**B. Deficit Fund Balance or Net Position of Individual Funds**

No individual funds had a deficit fund balance or net position.

**C. Excess of Expenditures Over Appropriations in Individual Funds**

For the year ended June 30, 2024, the general fund had excess expenditures over appropriations of \$198,520. The excess expenditures were covered by excess revenues and other financing sources.

**NOTE 3 - CASH AND INVESTMENTS**

---

Under Section 440.1 of the Public School Code of 1949, as amended, the District is permitted to invest funds in the following types of investments:

Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

Deposits in savings accounts, time deposits, or share accounts of institutions insured by the Federal Deposit Insurance Corporation 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.

Pennsylvania Act 10 of 2016 became effective May 25, 2016, and expanded the permitted investment types to include commercial paper, bankers' acceptances, negotiable certificates of deposit, and insured bank deposit reciprocals as long as certain safeguards related to credit quality and maturity are met.

The deposit and investment policy of the District adheres to state statutes. There were no deposits or investment transactions during the year that were in violation of either the state statutes or the policy of the District.

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 3 - CASH AND INVESTMENTS - CONTINUED

The breakdown of total cash and investments at June 30, 2024, is as follows:

Petty cash	\$ 450
Demand deposit accounts	34,051
Investments	1,560,181
Pooled cash and investments	20,927,329
	<u>\$ 22,522,011</u>

**Deposits**

**Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. The District does not have a policy for custodial credit risk. As of June 30, 2024, the carrying amount of the District's deposits was \$34,051 and the bank balance was \$34,051. The entire bank balance of \$34,051 was covered by federal depository insurance.

**Pooled Cash and Investments**

As of June 30, 2024, the District had the following pooled cash and investments:

	<u>Fair Value</u>	<u>Carrying Value</u>
PA School District Liquid Asset Fund (PSDLAF):		
MAX Account Balance	\$ 2,024,752	\$ 2,024,752
PA Local Government Investment Trust (PLGIT):		
PLGIT - Class	2,688,153	2,688,153
PLGIT/Reserve - Class	17,161,166	<u>17,161,166</u>
Total		21,874,071
Less: reconciling items		<u>(946,742)</u>
Total Pooled Cash and Investments		<u>\$ 20,927,329</u>

Certain external investments held by the District, based on portfolio maturity, quality, diversification, and liquidity measures, qualify for measurement at amortized cost at both the pool and participating government level consistent with GASB Statement No. 79. The District measures those investments, which include \$21,874,071 (PLGIT and PSDLAF) at amortized cost. All investments in external investment pools that are not registered with the Securities and Exchange Commission are subject to oversight by the Commonwealth of Pennsylvania.

## ANTIETAM SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

#### NOTE 3 - CASH AND INVESTMENTS - CONTINUED

##### Pooled Cash and Investments - continued

A portion of the District's deposits are in the Pennsylvania Local Government Investment Trust and the Pennsylvania School District Liquid Asset Fund. PSDLAF acts like a money market mutual fund in that their objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized statistical rating organization, and is subject to an independent annual audit.

The PSDMAX fund invests in U.S. treasury securities, U.S. government securities, its agencies and instrumentalities, and repurchase agreements, collateralized by such securities and contracted with highly-rated counterparties. Weighted average portfolio maturity for the fund is expected to be kept at or below 60 days. PSDMAX does not have limitations or restrictions on withdrawals.

PLGIT invests primarily in U.S. Treasury and federal agency securities and repurchase agreements secured by such obligations, as well as certain municipal obligations and collateralized or insured certificates of deposit. The fund manager intends to comply with guidelines similar to those mandated for money-market funds as contained in Rule 2a-7 of the Investment Company Act of 1940.

PLGIT - Class Shares are a flexible option within the PLGIT fund which requires no minimum balance, no minimum initial investment, and a one-day minimum investment period. Dividends are paid monthly.

PLGIT/Reserve - Class Shares are an option which requires a minimum investment of \$50,000, a one day minimum investment period, and limits redemptions or exchanges to two per calendar month. However, there is no minimum investment period and dividends are paid monthly.

As of June 30, 2024, the entire PLGIT and PSDLAF book balance of \$20,927,329 is considered to be a cash equivalent for presentation on the government-wide and fund financial statements.

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

Investment Type	Fair Market Value	Fair Value Level
U.S. Government Issues:		
U.S. Treasury Security - State and Local Government Series	\$ 1,560,181	2

Level 2 securities are valued using a matrix pricing technique or comparable securities. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The State and Local government series securities are non-marketable Treasury Securities that are available for purchase only by issuers of tax-advantaged securities.

##### Interest Rate Risk

The District has an investment policy that would limit its exposure to fair value losses arising from increasing interest rates. The District limits its interest rate risk through participation in investment pools.

## ANTIETAM SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

#### NOTE 3 - CASH AND INVESTMENTS - CONTINUED

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##### Credit Risk

The District has an investment policy that would limit its investment choices to certain credit ratings. As of June 30, 2024, the District's investments were rated as:

Investment	Standard & Poor's
PA School District Liquid Asset Fund	AAAm
PA Local Government Investment Trust	AAAm
U.S. Treasury Securities	AA+

##### Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer. District investments in authorized instruments not backed by the federal or state government shall be limited to the two highest applicable credit ratings. All other investments require board notification.

##### Custodial Credit Risk

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The District has no investment subject to custodial credit risk.

#### NOTE 4 - TAXES RECEIVABLE AND UNAVAILABLE REVENUE

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Property taxes are levied on July 1 on the assessed value listed as of that date for all taxable real property located in the District. Assessed values are established by the County Board of Assessments. All taxable real property was assessed at \$255,652,000. In accordance with Act 1 of 2006, the District received \$572,853 in property tax reduction funds for the 2023/2024 fiscal year. The District's tax rate for the year ended June 30, 2024, was \$46.31 per \$1,000 of assessed valuation. The schedule for real estate taxes levied for each fiscal year is as follows:

July 1	- Full year tax assessed for current year.
July 1 - August 31	- Discount period during which a 2% discount is allowed.
September 1 - October 31	- Face amount of tax is due.
November 1 - January 14	- A 10% penalty is added to all payments.
January 15	- All taxes unpaid become delinquent and are turned over to the County Tax Claim Bureau for collection.

Installment payments of the face amount of the property tax can be made by the following dates - July 31, September 15, October 31, and December 15.

**ANTIETAM SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2024**

**NOTE 4 - TAXES RECEIVABLE AND UNAVAILABLE REVENUE - CONTINUED**

The District, in accordance with generally accepted accounting principles, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as determined by administration. A portion of the net amount estimated to be collectible which was measurable and available within 60 days was recognized as revenue and the balance unavailable in the fund financial statements.

The balances at June 30, 2024, are as follows:

	Gross Taxes Receivable	Allowance for Uncollectible Taxes	Net Estimated to be Collectible	Tax Revenue Recognized	Unavailable Revenue
Real estate	\$ 346,141	\$ 5,723	\$ 340,418	\$ 59,999	\$ 286,142
Transfer tax	13,478	-	13,478	13,478	-
Earned income tax	72,161	-	72,161	72,161	-
	<u>\$ 431,780</u>	<u>\$ 5,723</u>	<u>\$ 426,057</u>	<u>\$ 145,638</u>	<u>\$ 286,142</u>

**NOTE 5 - INTERFUND RECEIVABLES/PAYABLES**

The following schedule represents the interfund receivables and payables at June 30, 2024:

	Interfund Receivables	Interfund Payables
General Fund	\$ 1,224,123	\$ 501,624
Capital Projects Fund	482,218	1,218,283
Nonmajor Special Revenue Fund		
Student Activities Fund	-	999
Enterprise Fund - Food Service	14,565	-
	<u>\$ 1,720,906</u>	<u>\$ 1,720,906</u>

Interfund receivables and payables resulted from the time lag between dates that interfund goods and services were provided and when payments between funds are made. All will be paid within one year.

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 6 - INTERGOVERNMENTAL RECEIVABLES AND PAYABLES

The following schedule represents intergovernmental receivables and payables at June 30, 2024:

<u>Name of Government Unit</u>	<u>General Fund</u>	<u>Enterprise Fund Food Service</u>
<b>Receivables</b>		
Commonwealth of Pennsylvania:		
Retirement	\$ 562,475	\$ -
Social Security	117,342	-
Transportation Subsidy	31,509	-
PCCD Grant	35,647	-
Berks County Intermediate Unit - Special Education	268,437	-
Lancaster-Lebanon Intermediate Unit - Special Education	19,085	-
Other Local Education Agencies	15,727	-
Federal Subsidies:		
Title I - Grants to Local Educational Agencies	215,931	-
Supporting Effective Instruction State Grant	28,109	-
Student Support and Academic Enrichment Program	13,483	-
Twenty - First Century Community Learning Centers Grant	39,309	-
COVID-19 - Education Stabilization Fund	291,207	-
National School Lunch/Breakfast Program	-	3,821
	<u>-</u>	<u>3,821</u>
Total Intergovernmental Receivables	<u>\$ 1,638,261</u>	<u>\$ 3,821</u>
<b>Payables</b>		
Berks County Intermediate Unit	\$ 106,959	\$ -
Mount Penn Borough Municipal Authority	8,458	-
Chester County Intermediate Unit	174,357	-
Other Local Education Agencies	23,364	-
	<u>213,138</u>	<u>-</u>
Total Intergovernmental Payables	<u>\$ 313,138</u>	<u>\$ -</u>



**ANTIETAM SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2024**

**NOTE 7 - CHANGES IN CAPITAL ASSETS**

Capital asset balances and activity for the year ended June 30, 2024, were as follows:

	Beginning Balance	Increase	Reclass/ Decrease	Ending Balance
<b>Governmental Activities</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 310,056	\$ -	\$ -	\$ 310,056
Construction in progress	1,763,987	2,111,993	(633,830)	3,242,150
Totals not being depreciated	2,074,043	2,111,993	(633,830)	3,552,206
<b>Capital assets being depreciated:</b>				
Buildings and building improvements	36,254,290	101,489	(10,242,481)	26,113,298
Land improvements	183,115	-	-	183,115
Furniture and equipment	5,983,576	196,981	-	6,180,557
Totals being depreciated	42,420,981	298,470	(10,242,481)	32,476,970
Less accumulated depreciation for:				
Buildings and building improvements	25,792,175	900,353	(5,837,892)	20,854,636
Land improvements	122,211	9,156	-	131,367
Furniture and equipment	4,643,143	172,863	-	4,816,006
Total accumulated depreciation	30,557,529	1,082,372	(5,837,892)	25,802,009
Total capital assets being depreciated, net	11,863,452	(783,902)	(4,404,589)	6,674,961
<b>Right-to-use assets being amortized:</b>				
Leased equipment	42,627	52,038	(17,112)	77,553
Less accumulated amortization for:				
Leased equipment	26,538	21,796	(17,112)	31,222
Total right-to-use assets being amortized, net	16,089	30,242	-	46,331
<b>GOVERNMENTAL ACTIVITIES, CAPITAL ASSETS, NET</b>	<u>\$ 13,953,584</u>	<u>\$ 1,358,333</u>	<u>\$ (5,038,419)</u>	<u>\$ 10,273,498</u>
<b>Business-Type Activities</b>				
Capital assets being depreciated:				
Furniture and equipment	\$ 584,717	\$ 3,672	\$ -	\$ 588,389
Less accumulated depreciation for:				
Furniture and equipment	344,493	28,440	-	372,933
<b>BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET</b>	<u>\$ 240,224</u>	<u>\$ (24,768)</u>	<u>\$ -</u>	<u>\$ 215,456</u>

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 7 - CHANGES IN CAPITAL ASSETS - CONTINUED

Depreciation and amortization expense was charged to functions/programs of the governmental activities of the primary government as follows:

Instruction	\$ 666,511
Instructional student support	23,390
Administrative and financial support services	49,005
Operation and maintenance of plant services	357,676
Pupil transportation	5,416
Student activities	<u>2,170</u>
<b>TOTAL DEPRECIATION AND AMORTIZATION EXPENSE - GOVERNMENTAL ACTIVITIES</b>	<b><u><u>\$ 1,104,168</u></u></b>

**Capital Asset Impairment**

On July 9, 2023, the District suffered a devastating flood at the Antietam Middle-Senior High School. Water filled the bottom floor of the building and destroyed classrooms and the mechanical room. Insurance claims were filed, but the building was deemed uninhabitable due to the extensive damage and lack of utilities.

As a result, the District recognized an impairment loss of \$2,038,419 on the statement of activities for the year ended June 30, 2024. The impairment loss is composed of \$5,038,419 of capital assets to be demolished offset by \$3,000,000 of related insurance proceeds. The District will use the remaining \$2,000,000 of insurance proceeds in future years for modular classrooms. The impairment loss and insurance proceeds are shown as an extraordinary item on the financial statements because the event was unusual in nature and infrequent in occurrence.

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 8 - LONG-TERM LIABILITIES

---

**Bonds Payable**

The District issues general obligation bonds to provide resources for major capital improvements and equipment financed purchases. The bonds are issued on a pledge of the full faith and credit of the District as well as their general taxing authority.

Bonds payable are as follows at June 30, 2024:

General Obligation Bonds, Series of 2020

The General Obligation Bonds, Series of 2020, aggregate principal of \$9,410,000, were issued July 6, 2020, for the purpose of providing funds to: (1) currently refund the outstanding General Obligation Bonds, Series of 2015 and General Obligation Note, Series of 2016, (2) fund various capital projects, and (3) pay bond issuance costs. The bonds mature from April 2021 to April 2037. Interest is payable semi-annually on April 1 and October 1. Interest rates vary from 1.00% to 4.00%. The District realized a net present value savings of \$101,596 as a result of the refunding.

\$ 6,775,000

General Obligation Bonds, Series of 2021

The General Obligation Bonds, Series of 2021, aggregate principal of \$11,195,000, were issued March 30, 2021, for the purpose of providing funds to: (1) advance refund the outstanding General Obligation Bonds, Series of 2017 and General Obligation Bonds, Series of 2018 and (2) pay bond issuance costs. The bonds mature from April 2022 to April 2035. Interest is payable semi-annually on April 1 and October 1. Interest rates vary from 0.56% to 2.799%. The District realized a net present value savings of \$356,398 as a result of the refunding.

10,225,000

General Obligation Bonds, Series of 2024

The General Obligation Bonds, Series of 2024, aggregate principal of \$7,355,000, were issued May 21, 2024, for the purpose of providing funds to: (1) fund various capital projects and (2) pay bond issuance costs. The bonds mature from April 2025 to April 2041. Interest is payable semi-annually on April 1 and October 1. Interest rates vary from 3.375% to 4.000%.

7,355,000

Total bonds payable

\$ 24,355,000

**ANTIETAM SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2024**

**NOTE 8 - LONG-TERM LIABILITIES - CONTINUED**

The future annual payments required to amortize all outstanding bonds payable are as follows:

	General Obligation Bonds				
	Series of 2020	Series of 2021	Series of 2024	Total Bonds Payable	Total Interest
2025	\$ 845,000	\$ 325,000	\$ 5,000	\$ 1,175,000	\$ 698,721
2026	880,000	330,000	5,000	1,215,000	707,679
2027	895,000	340,000	5,000	1,240,000	679,735
2028	885,000	385,000	5,000	1,275,000	647,617
2029	700,000	610,000	5,000	1,315,000	614,160
2030 - 2034	135,000	6,795,000	180,000	7,110,000	2,558,109
2035 - 2039	2,435,000	1,440,000	3,850,000	7,725,000	1,511,656
2040 - 2041	-	-	3,300,000	3,300,000	199,200
	<u>\$ 6,775,000</u>	<u>\$ 10,225,000</u>	<u>\$ 7,355,000</u>	<u>\$ 24,355,000</u>	<u>\$ 7,616,877</u>

**Leases**

The District has entered into lease agreements for equipment such as copiers. The leases have various termination dates through April 2026. These leases include monthly payments of principal and interest rates ranging from 5.50% to 6.00%.

Future lease maturities as of June 30 are as follows:

	Principal	Interest	Total
2025	\$ 25,690	\$ 2,021	\$ 27,711
2026	22,022	558	22,580
	<u>\$ 47,712</u>	<u>\$ 2,579</u>	<u>\$ 50,291</u>

During the 2023-2024 fiscal year, the District entered into a lease for modular classrooms with a term beginning September 1, 2024 through August 31, 2027. Total payments under the lease are \$2,650,901.

**ANTIETAM SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2024**

**NOTE 8 - LONG-TERM LIABILITIES - CONTINUED**

Long-term liability balances and activity for the year ended June 30, 2024, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
General Obligation Bonds:					
Bonds payable	\$ 18,145,000	\$ 7,355,000	\$ 1,145,000	\$ 24,355,000	\$ 1,175,000
Premiums	473,828	-	34,460	439,368	-
Discounts	(13,118)	(157,564)	(1,973)	(168,709)	-
Total bonds payable, net	18,605,710	7,197,436	1,177,487	24,625,659	1,175,000
Leases payable	16,960	50,241	19,489	47,712	25,690
Compensated absences	249,047	82,637	92,420	239,264	95,727
Net pension liability	23,919,000	2,173,752	2,781,752	23,311,000	-
Net other postemployment benefit liabilities	1,930,322	63,577	96,464	1,897,435	-
Total governmental long-term liabilities	<u>\$ 44,721,039</u>	<u>\$ 9,567,643</u>	<u>\$ 4,167,612</u>	<u>\$ 50,121,070</u>	<u>\$ 1,296,417</u>

Payments on bonds and leases are made by the general fund. Total interest paid during the year ended June 30, 2024, was \$484,249. The compensated absences liability will also be liquidated by the general fund. The net pension and PSERS OPEB Plan portion of the OPEB liability will be liquidated through future contributions to PSERS at the statutory rates; contributions will be made from the general fund. The District OPEB Plan portion of the OPEB liability will be liquidated through future payments from the general fund.

**Events of Default**

The District's general obligation bonds contain a provision that in the event of default of 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.

## ANTIETAM SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

#### NOTE 9 - EMPLOYEE RETIREMENT PLANS

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##### Employee Defined Benefit Pension Plan

##### *General Information About the Pension Plan*

##### Plan Description

PSERS (the System) is a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania under Title 24, Part IV of the Pennsylvania General Assembly. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at [www.psers.pa.gov](http://www.psers.pa.gov).

##### Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service.

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). To qualify for normal retirement, Class T-G and Class T-H members must work until age 67 with a minimum of 3 years of credited service. Class T-G may also qualify for normal retirement by attaining a total combination of age and service that is equal to or greater than 97 with a minimum of 35 years of credited service.

Benefits are generally equal to 1.0% 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 5 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 10 years of service.

**ANTIETAM SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2024**

**NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED**

**Employee Defined Benefit Pension Plan - continued**

***General Information About the Pension Plan - continued***

Benefits Provided - continued

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2.0% 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.

Contributions

The contribution policy is set by state statute and requires contributions by active members, employers, and the Commonwealth of Pennsylvania. The contribution rates based on qualified member compensation for virtually all members is presented below:

<b>Member Contribution Rates</b>				
<b>Membership Class</b>	<b>Continuous Employment Since</b>	<b>Defined Benefit (DB) Contribution Rate</b>	<b>DC Contribution Rate</b>	<b>Total Contribution Rate</b>
<b>T-C</b>	Prior to July 22, 1983	5.25%	N/A	5.25%
				6.25%
<b>T-C</b>	On or after July 22, 1983	6.25%	N/A	6.25%
<b>T-D</b>	Prior to July 22, 1983	6.50%	N/A	6.50%
<b>T-D</b>	On or after July 22, 1983	7.50%	N/A	7.50%
<b>T-E</b>	On or after July 1, 2011	7.50% base rate with shared risk provision	N/A	Prior to 7/1/21: 7.50% After 7/1/21: 8.00%
<b>T-F</b>	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	Prior to 7/1/21: 10.30% After 7/1/21: 10.80%
<b>T-G</b>	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	Prior to 7/1/21: 8.25% After 7/1/21: 9.00%
<b>T-H</b>	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	Prior to 7/1/21: 7.50% After 7/1/21: 8.25%
<b>DC</b>	On or after July 1, 2019	N/A	7.50%	7.50%

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Employee Defined Benefit Pension Plan - continued

*General Information About the Pension Plan - continued*

Contributions - continued:

Shared Risk Program Summary				
Membership Class	Defined Benefit (DB) Base Rate	Shared Risk Increment	Minimum	Maximum
T-E	7.50%	+/- 0.50%	5.50%	9.50%
T-F	10.30%	+/- 0.50%	8.30%	12.50%
T-G	5.50%	+/- 0.75%	2.50%	8.50%
T-H	4.50%	+/- 0.75%	1.50%	7.50%

Employer Contributions:

The District's contractually required contribution rate for the fiscal year ended June 30, 2024 was 33.09% of covered payroll, actuarially determined as an amount that when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$2,856,597 for the year ended June 30, 2024. In addition, the District's contribution to the defined contribution plan was \$23,309 for the year ended June 30, 2024.

The District is also required to contribute a percentage of covered payroll to PSERS for healthcare insurance premium assistance. Under the current legislation, the Commonwealth of Pennsylvania reimburses the District for no less than one-half of the employer contributions made, including contributions related to pension and OPEB. This arrangement does not meet the criteria of a special funding situation in accordance with GASB Standards. Therefore, the net pension liability and related pension expense represents 100% of the District's share of these amounts. The total reimbursement recognized by the District for the year ended June 30, 2024, for pension and OPEB benefits was \$2,044,036.



# ANTIETAM SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

### NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED

#### Employee 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, 2024, the District reported a liability of \$23,311,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2022 to June 30, 2023. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2024, the District's proportion was 0.0524% which was a decrease of 0.0014% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the District recognized a pension expense of \$1,677,544. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,000	\$ 319,000
Net difference between projected and actual investment earnings	659,000	-
Changes in assumptions	348,000	-
Changes in proportion - plan level	553,000	741,000
Changes in proportion - internal	-	-
Difference between employer contributions and proportionate share of total contributions	6,500	-
Contributions made subsequent to the measurement date	2,856,597	-
	<u>\$ 4,428,097</u>	<u>\$ 1,060,000</u>

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED

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Employee Defined Benefit Pension Plan - continued

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

The \$2,856,597 reported as deferred outflows of resources related to pensions resulting from District contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the years ending June 30:

2025	\$ 77,325
2026	(337,740)
2027	543,909
2028	228,006
	<u>\$ 511,500</u>

Actuarial Assumptions

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

- Actuarial valuation date - June 30, 2022.
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 7.00%, includes inflation at 2.50%.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 improvement scale.

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

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED

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Employee Defined Benefit Pension Plan - continued

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

Actuarial Assumptions - continued

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

The PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2023 is:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public equity	30.0%	5.2%
Private equity	12.0%	7.9%
Fixed income	33.0%	3.2%
Commodities	7.5%	2.7%
Infrastructure/ MLPs	10.0%	5.4%
Real estate	11.0%	5.7%
Absolute return	4.0%	4.1%
Cash	3.0%	1.2%
Leverage	(10.5%)	1.2%
	<u>100.0%</u>	

**ANTIETAM SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2024**

**NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED**

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**Employee Defined Benefit Pension Plan - continued**

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

Discount Rate

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

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

The following presents the 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 one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	<u>1% Decrease</u> <u>6.00%</u>	<u>Current</u> <u>Discount Rate</u> <u>7.00%</u>	<u>1% Increase</u> <u>8.00%</u>
District's proportionate share of the net pension liability	\$ 30,217,000	\$ 23,311,000	\$ 17,484,000

Pension Plan Fiduciary Net Position

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

Payables Related to the Plan

At June 30, 2024, the District had an accrued balance due to PSERS, including contributions related to pension and OPEB of \$798,905. This amount represents the District's contractually obligated contributions for wages earned in April 2024 through June 2024.

**ANTIETAM SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2024**

**NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED**

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**403(b) Tax Shelter Plan**

The District has established a 403(b) tax shelter plan permitting the establishment of accounts for school employees to voluntarily set aside monies to supplement their retirement income. All school employees are eligible to participate. The District does not contribute to the Plan.

**NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS**

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**Employee Defined Benefit Other Postemployment Benefit Plans**

The District has other postemployment benefits (OPEB) under 2 different plans: (1) a cost-sharing, multiple employer, employee defined benefit other postemployment benefits plan administered through PSERS (PSERS OPEB Plan) and (2) a single employer defined benefit healthcare plan (District OPEB Plan). The District's aggregate net OPEB liability and deferred outflows and inflows of resources related to OPEB at June 30, 2024 are as follows:

Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
PSERS OPEB Plan	\$ 946,000	\$ 184,250	\$ 280,000
District OPEB Plan	951,435	187,021	580,764
Total	<u>\$ 1,897,435</u>	<u>\$ 371,271</u>	<u>\$ 860,764</u>

## ANTIETAM SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

#### NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

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##### PSERS OPEB Plan

###### *General Information About the PSERS OPEB Plan*

###### Health Insurance Premium Assistance Program

PSERS (the System) provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2023, there were no assumed future benefit increases to participating eligible retirees.

###### Premium Assistance Eligibility Criteria

Retirees of the System can participate in the Premium Assistance Program if they satisfy the following criteria:

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age.

For Class DC members to become eligible for Premium Assistance, they must satisfy the following criteria:

- Attain Medicare eligibility with 24 ½ or more eligibility points, or
- Have 15 or more eligibility points and terminated after age 67, and
- Have received all or part of their distributions.

###### Pension Plan Description

PSERS is a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at [www.psers.pa.gov](http://www.psers.pa.gov).

**ANTIETAM SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2024**

**NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED**

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**PSERS OPEB Plan - continued**

***General Information About the PSERS OPEB Plan - continued***

**Benefits Provided**

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program.

**Contributions**

The contribution policy is set by state statute. A portion of each employer's contribution is set aside for premium assistance. The School District's contractually required contribution rate for the fiscal year ended June 30, 2024, was 0.64% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$55,250 for the year ended June 30, 2024.

The District is also required to contribute a percentage of covered payroll to PSERS for pension benefits. Under the current legislation, the Commonwealth of Pennsylvania reimburses the District for no less than one-half of the employer contributions made, including contributions related to pension and healthcare. This arrangement does not meet the criteria of a special funding situation in accordance with GASB Standards. Therefore, the net PSERS OPEB Plan liability and related expense represents 100% of the District's share of these amounts. The total reimbursement recognized by the District for the year ended June 30, 2024, for pension and OPEB benefits was \$2,044,036.

***PSERS OPEB Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB***

At June 30, 2024, the District reported a liability of \$946,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2022 to June 30, 2023. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the District's proportion was 0.0523%, which was a decrease of 0.0015% from its proportion measured as of June 30, 2023.

# **ANTIETAM SCHOOL DISTRICT**

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2024**

### **NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED**

#### **PSERS OPEB Plan - continued**

#### ***PSERS OPEB Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB - continued***

For the year ended June 30, 2024, the District recognized OPEB expense of \$15,808. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,000	\$ 9,000
Changes in assumptions	82,000	179,000
Net difference between projected and actual investment earnings	2,000	-
Changes in proportion	39,000	92,000
Contributions made subsequent to the measurement date	55,250	-
	<u>\$ 184,250</u>	<u>\$ 280,000</u>

The \$55,250 reported as deferred outflows of resources related to OPEB resulting from District contributions made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows for the years ending June 30:

2025	\$ (31,000)
2026	(40,000)
2027	(39,000)
2028	(34,000)
2029	(7,000)
	<u>                    </u>
Total	<u>\$ (151,000)</u>



## ANTIETAM SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

#### NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

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##### PSERS OPEB Plan - continued

##### *PSERS OPEB Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB - continued*

##### Actuarial Assumptions

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

- Actuarial valuation date - June 30, 2022.
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 4.13% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement scale.
- Participation rate:
  - Eligible retirees will elect to participate Pre-age 65 at 50%
  - Eligible retirees will elect to participate Post-age 65 at 70%

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

The following assumptions were used to determine the contribution rate:

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

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

PSERS OPEB Plan - continued

*PSERS OPEB Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB - continued*

Actuarial Assumptions - continued

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 PSERS 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.

The PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2023 is:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	100.0%	1.2%

Discount Rate

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

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

PSERS OPEB Plan - continued

*PSERS OPEB Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB - continued*

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2023, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2023, 92,677 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2023, 522 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the District's proportionate share of the net OPEB liability for the June 30, 2023 measurement date, calculated using current Healthcare cost trends as well as what the District's proportionate share of the net OPEB liability would be if the health cost trends were one-percentage point lower or one-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	\$ 946,000	\$ 946,000	\$ 946,000

**ANTIETAM SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2024**

**NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED**

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**PSERS OPEB Plan - continued**

***PSERS OPEB Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB - continued***

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

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

	1% Decrease 3.13%	Current Discount Rate 4.13%	1% Increase 5.13%
District's proportionate share of the net OPEB liability	\$ 1,070,000	\$ 946,000	\$ 843,000

OPEB Plan Fiduciary Net Position

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

Payables Related to the Plan

At June 30, 2024, the District had an accrued balance due to PSERS of \$798,905, including balances related to pension and OPEB. This amount represents the District's contractually obligated contributions for wages earned in April 2024 through June 2024.

**ANTIETAM SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2024**

**NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED**

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**District OPEB Plan**

***General Information About the District OPEB Plan***

Plan Description

Antietam School District administers a single-employer defined benefit healthcare plan (the OPEB Plan). The District OPEB Plan provides medical, prescription drug, and dental insurance for eligible retirees through the District's health insurance plan, which covers both active and retired members until the member reaches Medicare age. Benefit provisions are established through negotiation with the District and the unions representing the District's employees. The OPEB Plan does not issue a publicly available financial report and no assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board Statement No. 75 to pay related benefits.

Benefits Provided

The District provides benefits to employees retired after 2007. Contribution requirements are negotiated between the District and union representatives. Below is a summary of the postemployment benefits provided to this group:

<i>ELIGIBILITY</i>	<i>COVERAGE AND PREMIUM SHARING</i>	<i>DURATION</i>
Act 110/43 Requirements	Act 110/43	Coverage provided until the earlier of Retiree Medicare eligibility or Retiree death. Spouse coverage ends at Spouse Medicare eligibility if earlier than above.

Act 110/43 Eligibility: All employees are eligible for this benefit upon retirement with 30 years of PSERS service or upon superannuation retirement.

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.

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

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District OPEB Plan - continued

*General Information About the District OPEB Plan - continued*

Benefits Provided - continued

PSERS Superannuation Retirement:

- 1) Pension Class T-C or T-D: An employee is eligible for PSERS retirement if he (or she) is eligible for either PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS service, age 62 with 1 year of PSERS service, or 35 years of PSERS service regardless of age. In general, these pension classes apply to individuals who were members of PSERS prior to July 1, 2011.
- 2) Pension Class T-E or T-F: An employee is eligible for PSERS retirement if he (or she) is eligible for either: PSERS superannuation retirement upon reaching age 65 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 92 with a minimum of 35 years of PSERS service. In general, these pension classes apply to individuals who became members of PSERS on or after July 1, 2011 and prior to July 1, 2019.
- 3) Pension Class T-G: An employee is eligible for PSERS retirement if he (or she) is eligible for either: PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 97 with a minimum of 35 years of PSERS service. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.
- 4) Pension Class T-H: An employee is eligible for PSERS retirement if he (or she) is eligible for either: PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.

Employees Covered by Benefit Terms

At July 1, 2023, the date of the most recent actuary valuation, the following employees were covered by the benefit terms:

Active participants	129
Retired participants	<u>5</u>
Total	<u><u>134</u></u>

**ANTIETAM SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2024**

**NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED**

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**District OPEB Plan - continued**

***OPEB Liability***

**Actuarial Assumptions and Other Inputs**

The total OPEB liability as of July 1, 2023, was determined by rolling forward the District's total OPEB liability as of July 1, 2022 to July 1, 2023, using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- Actuarial cost method - Entry Age Normal.
- Salary increases - 2.50% cost of living adjustment, 1.5% real wage growth, and for teachers and administrators a merit increase which varies by age from 2.75% to 0%.
- Discount rate - 4.13% - based on the Standard & Poor's Municipal Bond 20 Year High Grade Rate Index at July 1, 2023.
- Mortality rates - PubT-2010 headcount- weighted mortality table including rates for contingent survivors for teachers. PubG-2010 headcount- weighted mortality table including rates for contingent survivors for all other employees. Incorporated into the tables are rates projected generationally using Scale MP-2021 to reflect mortality improvement.
- Healthcare cost trend rates - 7.0% in 2023 with 0.5% decrease per year 5.5% in 2026. Rates gradually decrease from 5.4% in 2027 to 4.1% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
- Participation rates - 75% of employees are assumed to elect coverage.

The actuarial assumptions were selected using input from the District based on actual experience.

**ANTIETAM SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2024**

**NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED**

**District OPEB Plan - continued**

***Changes in the Total OPEB Liability***

	<u>Total OPEB Liability</u>
Balance at July 1, 2023	\$ 940,322
Changes for the year:	
Service cost	72,682
Interest	40,344
Differences between expected and actual experience	(54,571)
Changes of assumptions	(11,686)
Benefit payments	(35,656)
Net changes	<u>11,113</u>
Balance at June 30, 2024	<u>\$ 951,435</u>

Changes of assumptions or other inputs reflect the following changes: (1) the discount rate changed from 4.06% to 4.13%, (2) the trend assumption was updated, and (3) the marriage assumption was lowered from 40% to 35%.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

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

	<u>1% Decrease (3.13%)</u>	<u>Current Discount Rate (4.13%)</u>	<u>1% Increase (5.13%)</u>
OPEB Plan - Total OPEB liability	\$ 1,035,575	\$ 951,435	\$ 872,317



**ANTIETAM SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2024**

**NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED**

**District OPEB Plan - continued**

***Changes in the Total OPEB Liability - continued***

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one-percentage point lower or one-percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
OPEB Plan - Total OPEB Liability	\$ 832,294	\$ 951,435	\$ 1,093,595

***OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB***

For the year ended June 30, 2024, the District recognized OPEB expense of \$79,387. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 136,800	\$ 377,106
Differences between expected and actual experience	-	203,658
Benefit payments made subsequent to the measurement date	50,221	-
	<u>\$ 187,021</u>	<u>\$ 580,764</u>

**ANTIETAM SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2024**

**NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED**

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**District OPEB Plan - continued**

***OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB - continued***

The \$50,221 reported as deferred outflows of resources related to OPEB liabilities resulting from benefit payments made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows for the years ending June 30:

2025	\$ (33,639)
2026	(33,639)
2027	(33,639)
2028	(33,639)
2029	(33,639)
Thereafter	<u>(275,769)</u>
Total	<u>\$ (443,964)</u>

**NOTE 11 - JOINT VENTURE**

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The District is a participating member of the Berks Career & Technology Center. The Berks Career & Technology Center is controlled and governed by a joint board, which is composed of representative school board members of the participating schools. Direct oversight of the Berks Career & Technology Center operations is the responsibility of the joint board. The District's share of annual operating and capital costs for Berks Career & Technology Center fluctuates based on the percentage of enrollment. The District's share for the 2023/2024 year was \$368,897.

Summary financial information as of June 30, 2023 (the most recent information available), is as follows:

<u>Berks Career &amp; Technology Center (Governmental Activities)</u>	
Total assets and deferred outflows of resources	\$ 33,997,081
Total liabilities and deferred inflows of resources	<u>29,608,358</u>
Total net position	<u>\$ 4,388,723</u>

Separate financial statements of the Berks Career & Technology Center have been prepared and are available.

## ANTIETAM SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

#### NOTE 12 - RISK MANAGEMENT

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The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs except for workers' compensation, for which the District retains risk of loss. For insured programs, there were no significant reductions in insurance coverage for the 2023/2024 year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The District is involved in various lawsuits that arise in the normal course of business. Although the outcome of these lawsuits is not presently determinable, in the opinion of management, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

#### NOTE 13 - CONTINGENT LIABILITIES AND COMMITMENTS

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The District receives federal, state, and local funding through a number of programs. Payments made by these sources under contractual agreements are provisional and subject to redetermination based on filing reports and audits of those reports. Final settlements due from or to these sources are recorded in the year in which the related services are performed. Any adjustments resulting from subsequent examinations are recognized in the year in which the results of such examinations become known. District officials do not expect any significant adjustments as a result of these examinations.

At June 30, 2024, the District has entered into a number of contracts related to school renovation projects. Commitments outstanding are as follows at June 30, 2024 and will be satisfied through the capital projects fund:

	<u>Commitment Remaining</u>
Mount Penn Primary Center Renovation Project	\$ 6,252,370

#### NOTE 14 - FUND BALANCE

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Details of the District's governmental fund balance reporting and policy can be found in Note 1, *Summary of Significant Accounting Policies*. Fund balance classifications for the year ended June 30, 2024, are as follows:

##### General Fund

The general fund has a nonspendable fund balance of \$727,093 for prepaid expenditures, committed fund balance of \$5,131,082 for retirement rate increases, assigned fund balance of \$6,260,585 composed of \$3,053,569 to balance the 2024/2025 school budget and \$3,207,016 for capital projects and equipment, and unassigned fund balance of \$2,290,800. The commitment was authorized by the board of school directors' motion to set aside resources to fund anticipated increases in PSERS contributions.

## ANTIETAM SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

#### NOTE 14 - FUND BALANCE - CONTINUED

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##### **Capital Projects Fund**

The capital projects fund has restricted funds of \$8,409,708 consisting of \$7,867,795 of unspent bond funds and \$541,913 comprised of surplus money transferred from the general fund for the acquisition or construction of capital facilities and qualifying capital assets as authorized by Municipal Code P.L. 145 Act of April 30, 1943.

##### **Nonmajor Funds**

The nonmajor funds have restricted funds of \$85,195 consisting of \$5,428 for scholarships and \$79,767 for student activities.

#### NOTE 15 - NEW ACCOUNTING PRONOUNCEMENTS

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The Governmental Accounting Standards Board (GASB) has issued the following standards which have not yet been implemented:

- Statement No. 101, *Compensated Absences* - The primary objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.
- Statement No. 102, *Certain Risk Disclosures* - The primary objective of this statement is to provide users of government financial statements with essential information about risks related to government's vulnerabilities due to certain concentrations or constraints. The requirements of this statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.
- Statement No. 103, *Financial Reporting Model Improvements* - The primary objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.
- Statement No. 104, *Disclosure of Certain Capital Assets* - The primary objective of this statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

The District has not yet completed the analysis necessary to determine the actual financial statement impact of these new pronouncements.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**ANTIETAM SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND**

For the Year Ended June 30, 2024

	BUDGET		ACTUAL (GAAP Basis)	VARIANCE Final to Actual
	Original	Final		
<b>REVENUES</b>				
Local sources	\$ 12,916,720	\$ 12,916,720	\$ 13,731,117	\$ 814,397
State sources	9,201,018	9,201,018	10,929,890	1,728,872
Federal sources	2,086,658	2,086,658	1,813,897	(272,761)
<b>TOTAL REVENUES</b>	<b>24,204,396</b>	<b>24,204,396</b>	<b>26,474,904</b>	<b>2,270,508</b>
<b>EXPENDITURES</b>				
<b>INSTRUCTIONAL SERVICES:</b>				
Regular programs - elementary/secondary	9,605,089	9,605,089	9,742,875	(137,786)
Special programs - elementary/secondary	4,950,067	4,950,067	4,802,464	147,603
Vocational education	395,000	395,000	368,897	26,103
Other instructional programs - elementary/secondary	49,533	49,533	58,678	(9,145)
Nonpublic school programs	30,000	30,000	17,158	12,842
<b>TOTAL INSTRUCTIONAL SERVICES</b>	<b>15,029,689</b>	<b>15,029,689</b>	<b>14,990,072</b>	<b>39,617</b>
<b>SUPPORT SERVICES:</b>				
Students	782,135	782,135	714,371	67,764
Instructional staff	921,467	921,467	784,939	136,528
Administration	2,075,054	2,075,054	2,509,522	(434,468)
Pupil health services	250,171	250,171	245,838	4,333
Business services	488,675	488,675	472,942	15,733
Operation and maintenance of plant	2,105,768	2,105,768	2,185,749	(79,981)
Student transportation	289,932	289,932	419,033	(129,101)
Central	739,708	739,708	837,683	(97,975)
Other	9,000	9,000	5,221	3,779
<b>TOTAL SUPPORT SERVICES</b>	<b>7,661,910</b>	<b>7,661,910</b>	<b>8,175,298</b>	<b>(513,388)</b>
<b>OPERATION OF NONINSTRUCTIONAL SERVICES:</b>				
Student activities	505,357	505,357	469,623	35,734
Community services	21,000	21,000	37,206	(16,206)
<b>TOTAL OPERATION OF NONINSTRUCTIONAL SERVICES</b>	<b>526,357</b>	<b>526,357</b>	<b>506,829</b>	<b>19,528</b>
<b>CAPITAL OUTLAY</b>	<b>1,058,700</b>	<b>1,058,700</b>	<b>806,051</b>	<b>252,649</b>
<b>DEBT SERVICE PAYMENTS</b>	<b>1,651,812</b>	<b>1,651,812</b>	<b>1,648,738</b>	<b>3,074</b>
<b>TOTAL EXPENDITURES</b>	<b>25,928,468</b>	<b>25,928,468</b>	<b>26,126,988</b>	<b>(198,520)</b>
<b>(DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>(1,724,072)</b>	<b>(1,724,072)</b>	<b>347,916</b>	<b>2,071,988</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from lease issuance	-	-	50,241	50,241
Budgetary reserve	(100,000)	(100,000)	-	100,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(100,000)</b>	<b>(100,000)</b>	<b>50,241</b>	<b>150,241</b>
<b>EXTRAORDINARY ITEM</b>				
Insurance recoveries	-	-	5,000,000	5,000,000
<b>REVENUES, OTHER FINANCING SOURCES AND EXTRAORDINARY ITEM (UNDER) OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ (1,824,072)</b>	<b>\$ (1,824,072)</b>	<b>5,398,157</b>	<b>\$ 7,222,229</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>			<b>9,011,403</b>	
<b>FUND BALANCE - END OF YEAR</b>			<b>\$ 14,409,560</b>	

See note to required supplementary information.

**ANTIETAM SCHOOL DISTRICT**

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2024**

**BUDGETARY DATA**

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The budget for the general fund is adopted on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the PDE 2028 when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all 2023/2024 budget transfers.

**Excess of Expenditures Over Appropriations in Individual Funds**

For the year ended June 30, 2024, the general fund had excess expenditures over appropriations of \$198,520. The excess expenditures were covered by excess revenues and other financial sources.

**Budgetary Compliance**

The District's only legally adopted budget is for the General Fund. All budgetary transfers were made within the last nine months of the fiscal year. The District cancels all purchase orders open at year end; therefore, it does not have any outstanding encumbrances at June 30, 2024. In addition, the District includes a portion of the prior year's fund balance represented by unappropriated liquid assets remaining in the fund as budgeted revenue in the succeeding year. The results of operations on a GAAP basis does not recognize the fund balance allocation as revenue as it represents prior period's excess of revenues over expenditures.

**ANTIETAM SCHOOL DISTRICT**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -  
AND RELATED RATIOS - PENSION PLAN**

**LAST TEN FISCAL YEARS**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the collective net pension liability	0.0524%	0.0538%	0.0514%	0.0537%	0.0566%	0.0586%	0.0569%	0.0570%	0.0553%	0.0538%
District's proportionate share of the collective net pension liability	\$ 23,311,000	\$ 23,919,000	\$ 21,103,000	\$ 26,441,000	\$ 26,479,000	\$ 28,131,000	\$ 28,102,000	\$ 28,247,000	\$ 23,953,000	\$ 21,295,000
District's covered payroll	\$ 8,015,950	\$ 7,911,026	\$ 7,285,159	\$ 7,560,304	\$ 7,807,333	\$ 7,897,229	\$ 7,574,938	\$ 7,382,318	\$ 7,118,330	\$ 6,867,209
District's proportionate share of the net pension liability as a percentage of its covered payroll	290.81%	302.35%	289.67%	349.73%	339.16%	356.21%	370.99%	382.63%	336.50%	310.10%
Plan fiduciary net position as a percentage of the total pension liability	61.85%	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

The District's covered payroll noted above is as of the measurement date of the net pension liability, which is one year prior to the fiscal year end.

**NOTES TO SCHEDULE**

***Changes in benefit terms***

With the passage of Act 5 on June 12, 2017, class T-E & T-F members are now permitted to elect a lump sum payment of member contributions upon retirement.

***Changes in assumptions used in measurement of the Total Pension Liability beginning June 30, 2021***

- The Discount Rate decreased from 7.25% to 7.00%. The inflation assumption was decreased from 2.75% to 2.50%. Payroll growth assumption decreased from 3.50% to 3.25%.
- Salary growth changed from an effective average of 5.00%, which was comprised of inflation of 2.75%, real wage growth and for merit or seniority increases of 2.25%, to an effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were modified from the RP-2014 Mortality Tables for Males and Females to a blended table based on 50% PubT-2010 Employee (Total Teacher dataset) and 50% PubG-2010 (Total General Employees data), adjusted to reflect PSERS' experience and projected using a modified version MP-2020.
- For disabled annuitants the rates were modified from the RP-2014 Mortality Tables for Males and Females to Pub-2010 Disability Mortality Non-Safety Headcount Weighted table, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020.

***Changes in assumptions used in measurement of the Total Pension Liability beginning June 30, 2016***

- The Investment Rate of Return was adjusted from 7.50% to 7.25%. The inflation assumption was decreased from 3.00% to 2.75%.
- Salary growth changed from an effective average of 5.50%, which was comprised of inflation of 3.00%, real wage growth and for merit or seniority increases of 2.50%, to an effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Mortality rates were modified from the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. For disabled annuitants the RP-2000 Combined Disabled Tables (male and female) with age set back 7 years for males and 3 years for females to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.



**ANTIETAM SCHOOL DISTRICT**

**SCHEDULE OF DISTRICT CONTRIBUTIONS - PENSION PLAN**

**LAST TEN FISCAL YEARS**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 2,856,597	\$ 2,781,752	\$ 2,634,755	\$ 2,446,514	\$ 2,514,055	\$ 2,567,503	\$ 2,530,086	\$ 2,221,866	\$ 1,848,991	\$ 1,479,329
Contributions in relation to the contractually required contribution	2,856,597	2,781,752	2,634,755	2,446,514	2,514,055	2,567,503	2,530,086	2,221,866	1,848,991	1,479,329
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 8,557,246	\$ 8,015,950	\$ 7,911,026	\$ 7,285,159	\$ 7,560,304	\$ 7,807,333	\$ 7,897,229	\$ 7,574,938	\$ 7,382,318	\$ 7,118,330
Contributions as a percentage of covered payroll	33.38%	34.70%	33.30%	33.58%	33.25%	32.89%	32.04%	29.33%	25.05%	20.78%

**ANTIETAM SCHOOL DISTRICT**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND RELATED RATIOS -  
PSERS OPEB PLAN**

**LAST TEN FISCAL YEARS**

	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of the collective net PSERS OPEB liability	0.0523%	0.0538%	0.0514%	0.0539%	0.0566%	0.0586%	0.0569%	0.0570%
District's proportionate share of the collective net PSERS OPEB liability	\$ 946,000	\$ 990,000	\$ 1,218,000	\$ 1,165,000	\$ 1,204,000	\$ 1,222,000	\$ 1,159,000	\$ 1,228,000
District's covered payroll	\$ 8,015,950	\$ 7,911,026	\$ 7,285,159	\$ 7,560,304	\$ 7,807,333	\$ 7,897,229	\$ 7,574,938	\$ 7,382,318
District's proportionate share of the net PSERS OPEB liability as a percentage of its covered payroll	11.80%	12.51%	16.72%	15.41%	15.42%	15.47%	15.30%	16.63%
Plan fiduciary net position as a percentage of the total PSERS OPEB liability	7.22%	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%	5.47%

The District's covered payroll noted above is as of the measurement date of the net PSERS OPEB liability, which is one year prior to the fiscal year end.

**NOTES TO SCHEDULE**

***Changes in benefit terms***

None.

***Changes in assumptions used in measurement of the Total OPEB Liability beginning June 30, 2021***

- The inflation assumption was decreased from 2.75% to 2.50%. Payroll growth assumption decreased from 3.50% to 3.25%.
- Salary growth changed from an effective average of 5.00%, which was comprised of inflation of 2.75%, real wage growth and for merit or seniority increases of 2.25%, to an effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were modified from the RP-2014 Mortality Tables for Males and Females to a blended table based on 50% PubT-2010 Employee (Total Teacher dataset) and 50% PubG-2010 (Total General Employees data), adjusted to reflect PSERS' experience and projected using a modified version MP-2020.
- For disabled annuitants the rates were modified from the RP-2014 Mortality Tables for Males and Females to Pub-2010 Disability Mortality Non-Safety Headcount Weighted table, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020.

***Changes in assumptions used in measurement of the Total OPEB liability beginning June 30, 2016***

- Salary growth changed from an effective average of 5.50%, which was comprised of inflation of 3.00%, real wage growth and for merit or seniority increases of 2.50%, to an effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Mortality rates were modified from the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. For disabled annuitants the RP-2000 Combined Disabled Tables (male and female) with age set back 7 years for males and 3 years for females to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

**For each year presented, the discount rate is updated using the S&P 20-year Municipal Bond Rate.**

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

**ANTIETAM SCHOOL DISTRICT**

**SCHEDULE OF DISTRICT CONTRIBUTIONS - PSERS OPEB PLAN**

**LAST TEN FISCAL YEARS**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 55,250	\$ 60,808	\$ 62,012	\$ 59,866	\$ 63,304	\$ 65,369	\$ 65,043	\$ 62,138	\$ 62,126	\$ 64,946
Contributions in relation to the contractually required contribution	<u>55,250</u>	<u>60,808</u>	<u>62,012</u>	<u>59,866</u>	<u>63,304</u>	<u>65,369</u>	<u>65,043</u>	<u>62,138</u>	<u>62,126</u>	<u>64,946</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 8,557,246	\$ 8,015,950	\$ 7,911,026	\$ 7,285,159	\$ 7,560,304	\$ 7,807,333	\$ 7,897,229	\$ 7,574,938	\$ 7,382,318	\$ 7,118,330
Contributions as a percentage of covered payroll	0.65%	0.76%	0.78%	0.82%	0.84%	0.84%	0.82%	0.82%	0.84%	0.91%

**ANTIETAM SCHOOL DISTRICT**

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS -  
DISTRICT OPEB PLAN**

**LAST TEN FISCAL YEARS**

	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability:							
Service cost	\$ 72,682	\$ 117,439	\$ 119,236	\$ 86,344	\$ 89,570	\$ 84,532	\$ 78,871
Interest	40,344	29,258	25,531	37,882	34,110	33,498	25,097
Differences between expected and actual experience	(54,571)	-	(137,042)	-	(40,627)	-	(25,213)
Changes in assumptions	(11,686)	(354,551)	(42,165)	160,082	(34,346)	(1,747)	31,389
Benefit payments	(35,656)	(38,506)	(70,370)	(74,026)	(49,226)	(44,142)	(64,575)
Net change in total OPEB liability	11,113	(246,360)	(104,810)	210,282	(519)	72,141	45,569
Total OPEB liability, beginning	940,322	1,186,682	1,291,492	1,081,210	1,081,729	1,009,588	964,019
Total OPEB liability, ending	<u>\$ 951,435</u>	<u>\$ 940,322</u>	<u>\$ 1,186,682</u>	<u>\$ 1,291,492</u>	<u>\$ 1,081,210</u>	<u>\$ 1,081,729</u>	<u>\$ 1,009,588</u>
Covered Employee Payroll	<u>\$ 8,224,377</u>	<u>\$ 7,246,372</u>	<u>\$ 7,246,372</u>	<u>\$ 6,842,662</u>	<u>\$ 6,842,662</u>	<u>\$ 7,030,763</u>	<u>\$ 7,030,763</u>
Total OPEB liability as a Percentage of Covered Employee Payroll	11.57%	12.98%	16.38%	18.87%	15.80%	15.39%	14.36%

**NOTES TO SCHEDULE**

***Changes of Benefit Terms***

None.

***Changes of Assumptions***

Significant changes in assumptions for the July 1, 2023 measurement date are as follows:

- The discount rate changed from 4.06% to 4.13%.
- The trend assumption was updated.
- The marriage assumption was lowered from 40% to 35%.

Significant changes in assumptions for prior measurement dates are as follows:

- The discount rate was updated each year based on the S&P Municipal Bond 20-year High Grade Index.
- The healthcare cost trend assumption was updated each year.

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

## **SUPPLEMENTARY INFORMATION**

**ANTIETAM SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET -**  
**NONMAJOR GOVERNMENTAL FUNDS**

**June 30, 2024**

	<u>Scholarships</u>	<u>Student Activities</u>	<u>Totals</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and investments	<u>\$ 5,428</u>	<u>\$ 80,766</u>	<u>\$ 86,194</u>
<b>LIABILITIES</b>			
Interfund payable	\$ -	\$ 999	\$ 999
<b>FUND BALANCES - restricted</b>	<u>5,428</u>	<u>79,767</u>	<u>85,195</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 5,428</u>	<u>\$ 80,766</u>	<u>\$ 86,194</u>

**ANTIETAM SCHOOL DISTRICT**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
NONMAJOR GOVERNMENTAL FUNDS**

**For the Year Ended June 30, 2024**

	<u>Scholarships</u>	<u>Student Activities</u>	<u>Totals</u>
<b>REVENUE</b>			
Local sources	\$ -	\$ 106,592	\$ 106,592
<b>EXPENDITURES</b>			
Current:			
Operation of noninstructional services	<u>816</u>	<u>113,769</u>	<u>114,585</u>
<b>(DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES</b>	(816)	(7,177)	(7,993)
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>6,244</u>	<u>86,944</u>	<u>93,188</u>
<b>FUND BALANCES, END OF YEAR</b>	<u><u>\$ 5,428</u></u>	<u><u>\$ 79,767</u></u>	<u><u>\$ 85,195</u></u>

**ANTIETAM SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For the Year Ended June 30, 2024**

<u>Grantor/Program Title</u>	<u>Source Code</u>	<u>Assistance Listing Number (ALN)</u>	<u>Federal Pass-Through Grantor's Number</u>	<u>Grant Period Beginning/ Ending Date</u>	<u>Program or Award Amount</u>	<u>Total Received for Year</u>	<u>Accrued or (Deferred) Revenue at June 30, 2023</u>	<u>Revenue Recognized/ Expenditures</u>	<u>Accrued or (Unearned) Revenue at June 30, 2024</u>
<b>U. S. Department of Education</b>									
<b>Passed through State Department of Education:</b>									
Title I Grants to Local Educational Agencies	I	84.010	013-24-0011	8/29/23-9/30/24	\$ 335,149	\$ 119,218	\$ -	\$ 335,149	\$ 215,931
Title I Grants to Local Educational Agencies	I	84.010	013-23-0011	7/27/22-9/30/23	255,636	169,321	169,321	-	-
Title I Grants to Local Educational Agencies	I	84.010	013-22-0011	8/18/21-9/30/22	295,402	210,873	210,873	-	-
Subtotal - ALN 84.010						499,412	380,194	335,149	215,931
Supporting Effective Instruction State Grants	I	84.367	020-24-0011	8/29/23-9/30/24	43,525	15,416	-	43,525	28,109
English Language Acquisition State Grants	I	84.365	010-24-0011	8/29/23-9/30/24	17,685	16,422	-	13,932	(2,490)
English Language Acquisition State Grants	I	84.365	010-23-0011	7/27/22-9/30/23	18,625	12,770	7,452	5,318	-
Subtotal - ALN 84.365						29,192	7,452	19,250	(2,490)
Student Support and Academic Enrichment Program	I	84.424	144-24-0011	8/29/23-9/30/24	20,973	7,490	-	20,973	13,483
Student Support and Academic Enrichment Program	I	84.424	144-23-0011	7/27/22-9/30/23	24,286	14,917	14,917	-	-
Subtotal - ALN 84.424						22,407	14,917	20,973	13,483
Twenty-First Century Community Learning Centers	I	84.287	21C-22-0013	10/01/22-9/30/27	324,000	289,054	45,807	282,556	39,309
COVID-19 - Education Stabilization Fund	I	84.425C	224-21-0011	3/13/20-9/30/24	36,247	13,840	13,840	-	-
COVID-19 - Education Stabilization Fund	I	84.425D	200-21-0011	3/13/20-9/30/23	1,217,490	169,882	169,882	-	-
COVID-19 - Education Stabilization Fund	I	84.425U	223-21-0011	3/13/20-9/30/24	2,462,630	1,701,453	910,701	1,038,959	248,207
COVID-19 - Education Stabilization Fund	I	84.425U	225-21-0011	3/13/20-9/30/24	136,716	14,915	996	46,233	32,314
COVID-19 - Education Stabilization Fund	I	84.425U	225-21-0011	3/13/20-9/30/24	27,343	2,983	(6,624)	20,293	10,686
COVID-19 - Education Stabilization Fund	I	84.425U	225-21-0011	3/13/20-9/30/24	27,343	2,983	(10,846)	6,959	(6,870)
Subtotal - ALN 84.425U						1,722,334	894,227	1,112,444	284,337
Total Education Stabilization Fund						1,906,056	1,077,949	1,112,444	284,337
<b>Special Education Cluster (IDEA)</b>									
<b>Passed through the Berks County Intermediate Unit:</b>									
Special Education Preschool Grants	I	84.173	62-24-0014	7/1/23-9/30/24	6,017	-	-	6,017	6,017
Special Education Preschool Grants	I	84.173	62-23-0014	7/1/22-9/30/23	2,240	2,240	2,240	-	-
Subtotal - ALN 84.173						2,240	2,240	6,017	6,017
Special Education Grants to States	I	84.027	62-24-0014	7/1/23-9/30/24	262,420	-	-	262,420	262,420
Special Education Grants to States	I	84.027	62-23-0014	7/1/22-9/30/23	240,307	240,307	240,307	-	-
COVID-19 - Special Education Grants to States	I	84.027X	62-22-0014	7/1/21-9/30/23	56,310	24,686	13,993	10,693	-
<b>Passed through the Lebanon- Lancaster Intermediate Unit:</b>									
Special Education Grants to States	I	84.027	62-24-0033	7/1/23-9/30/24	50,000	-	-	19,085	19,085
Subtotal - ALN 84.027						264,993	254,300	292,198	281,505
Total Special Education Cluster (IDEA)						267,233	256,540	298,215	287,522
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>						3,028,770	1,782,859	2,112,112	866,201

See notes to schedule of expenditures of federal awards.



**ANTIETAM SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For the Year Ended June 30, 2024**

<u>Grantor/Program Title</u>	<u>Source Code</u>	<u>Assistance Listing Number (ALN)</u>	<u>Federal Pass-Through Grantor's Number</u>	<u>Grant Period Beginning/ Ending Date</u>	<u>Program or Award Amount</u>	<u>Total Received for Year</u>	<u>Accrued or (Deferred) Revenue at June 30, 2023</u>	<u>Revenue Recognized/ Expenditures</u>	<u>Accrued or (Unearned) Revenue at June 30, 2024</u>
<b>U.S. Department of Agriculture</b>									
<b>Child Nutrition Cluster</b>									
<b>Passed through State Department of Education:</b>									
School Breakfast Program	I	10.553	N/A	7/1/23-6/30/24	N/A	134,777	-	134,777	-
School Breakfast Program	I	10.553	N/A	7/1/22-6/30/23	N/A	1,590	1,590	-	-
Subtotal - ALN 10.553						136,367	1,590	134,777	-
National School Lunch Program	I	10.555	N/A	7/1/23-6/30/24	N/A	530,745	-	530,745	-
National School Lunch Program	I	10.555	N/A	7/1/22-6/30/23	N/A	3,901	3,901	-	-
National School Lunch Program	I	10.555	N/A	7/1/22-6/30/23	N/A	31,768	-	31,768	-
<b>Passed through the PA Department of Agriculture:</b>									
National School Lunch Program	I	10.555	N/A	7/1/23-6/30/24	N/A	65,592	(475)	65,318	(749)
Subtotal - ALN 10.555						632,006	3,426	627,831	(749)
<b>Passed through State Department of Education:</b>									
Summer Food Service Program for Children	I	10.559	N/A	7/1/23-6/30/24	N/A	12,120	-	15,941	3,821
<b>TOTAL CHILD NUTRITION CLUSTER</b>						780,493	5,016	778,549	3,072
<b>Passed through State Department of Education:</b>									
Child and Adult Care Food Program	I	10.558	N/A	7/1/22-6/30/23	N/A	17,593	-	17,593	-
COVID-19- Pandemic EBT Administrative Costs	I	10.649	N/A	7/1/23-6/30/24	N/A	653	-	653	-
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>						798,739	5,016	796,795	3,072
<b>TOTAL FEDERAL AWARDS</b>						<u>\$ 3,827,509</u>	<u>\$ 1,787,875</u>	<u>\$ 2,908,907</u>	<u>\$ 869,273</u>

I = Indirect Source of Funding

Note: No funds were passed through to subrecipients in the year ended June 30, 2024.

**ANTIETAM SCHOOL DISTRICT**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For the Year Ended June 30, 2024**

**NOTE 1 - BASIS OF PRESENTATION**

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The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Antietam School District under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Antietam School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Antietam School District.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES**

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Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to the reimbursement. Negative amounts shown on the Schedule represent adjustment or credits made in the normal course of business for amounts reported as expenditures in prior years.

**NOTE 3 - DE MINIMIS RATE FOR INDIRECT COSTS**

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The District did not elect to use the de minimis rate for indirect costs.

**NOTE 4 - FOOD COMMODITIES**

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Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. At June 30, 2024, the District had \$749 of food commodity inventory.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**To the Board of School Directors  
Antietam School District  
Reading, Pennsylvania**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Antietam School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Antietam School District's basic financial statements, and have issued our report thereon dated February 24, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Antietam School District's internal control over financial reporting (internal control) as the 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 Antietam School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Antietam 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 Antietam 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Herbein + Company, Inc.*

**Reading, Pennsylvania**  
**February 24, 2025**

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

**To the Board of School Directors  
Antietam School District  
Reading, Pennsylvania**

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Antietam 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 Antietam School District’s major federal programs for the year ended June 30, 2024. Antietam 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, Antietam School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

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

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

We are required to be independent of Antietam 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 Antietam 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 Antietam School District’s federal programs.

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

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Antietam 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 Antietam 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 Antietam 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 Antietam 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 Antietam School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control Over Compliance**

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

*Herbein + Company, Inc.*

**Reading, Pennsylvania**  
**February 24, 2025**

ANTIETAM SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2024

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**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     X     no

Significant deficiency(ies) identified not considered to be material weaknesses?        yes     X     none reported

Noncompliance material to financial statements noted?        yes     X     no

**Federal Awards**

Internal Control Over Major Programs:

Material weakness(es) identified?        yes     X     no

Significant deficiency(ies) identified not considered to be material weaknesses?        yes     X     none reported

Type of Auditor's Report Issued on Compliance for Major Programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?        yes     X     no

**Identification of Major Program(s):**

Assistance Listing Number(s)      Name of Federal Program or Cluster

Child Nutrition Cluster

10.553	School Breakfast Program
10.555	National School Lunch Program
10.559	Summer Food Service Program for Children

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

Auditee qualified as low-risk auditee?     X     yes        no



**ANTIETAM SCHOOL DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2024**

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**Section II - Financial Statement Findings**

There were no financial statement findings.

**Section III - Federal Awards Findings and Questioned Costs**

There were no federal awards findings or questioned costs reported.



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District Superintendent  
(610) 779-0554

**STACY STAIR**  
Director of Finance & Business Services  
(610) 779-2606

**STATUS OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2024**

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**Section II - Financial Statement Findings**

There were no financial statement findings for the year ended June 30, 2023.

**Section III - Federal Awards Findings and Questioned Costs**

There were no federal awards findings or questioned costs for the year ended June 30, 2023.