

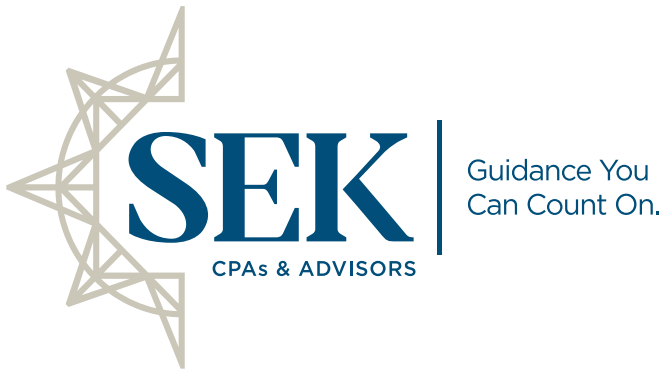
Audited
Financial
Statements

June 30,
2021



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Carlisle Area School District
Carlisle, Pennsylvania

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Carlisle Area School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Carlisle Area School District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

As discussed in Note 1 to the financial statements, Carlisle Area School District adopted new accounting guidance, Government Accounting Standards Board (“GASB”) Statement No. 84, *Fiduciary Activities*, as of July 1, 2020. See footnote 15 for restatement for the implementation of GASB 84. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 4 through 14 and pension and OPEB schedules on pages 63 through 67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Carlisle Area School District’s basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations Part 200 (CFR), Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2021, on our consideration of Carlisle Area School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Carlisle Area School District's internal control over financial reporting and compliance.

Smith Elliott Kearns + Company, LLC

Carlisle, Pennsylvania
December 20, 2021

CARLISLE AREA SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
June 30, 2021

The management of the Carlisle Area School District (CASD or School District) is pleased to present the following discussion and analysis of our financial activities for the fiscal year ended June 30, 2021. The purpose of this discussion and analysis is to provide a narrative summary of the financial position and activities of the CASD in order to enhance the reader's understanding of the CASD's basic financial statements. It should be read in conjunction with the accompanying financial statements and notes following this section. This discussion and analysis provides comparative information as required by Governmental Accounting Standards Board (GASB) Statement No. 34.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by GASB in Statement No. 34. Certain condensed comparative analyses of financial statements have been presented in this financial analysis.

FINANCIAL HIGHLIGHTS

- The CASD had a net increase in fund balance from general fund operations of \$ 1,596,310 from revenues of \$ 92,375,199 during 2020-21.
- The CASD increased its governmental fund balance by \$ 1,502,761 from \$ 39,861,366 on June 30, 2020 to \$ 41,364,127 as of June 30, 2021.
- Government and business activities had a positive change in net position during 2020-21 of \$ 10,910,145 from (\$ 8,216,265) on June 30, 2020 to \$ 2,693,880 as of June 30, 2021.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the 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 School District's overall financial status.

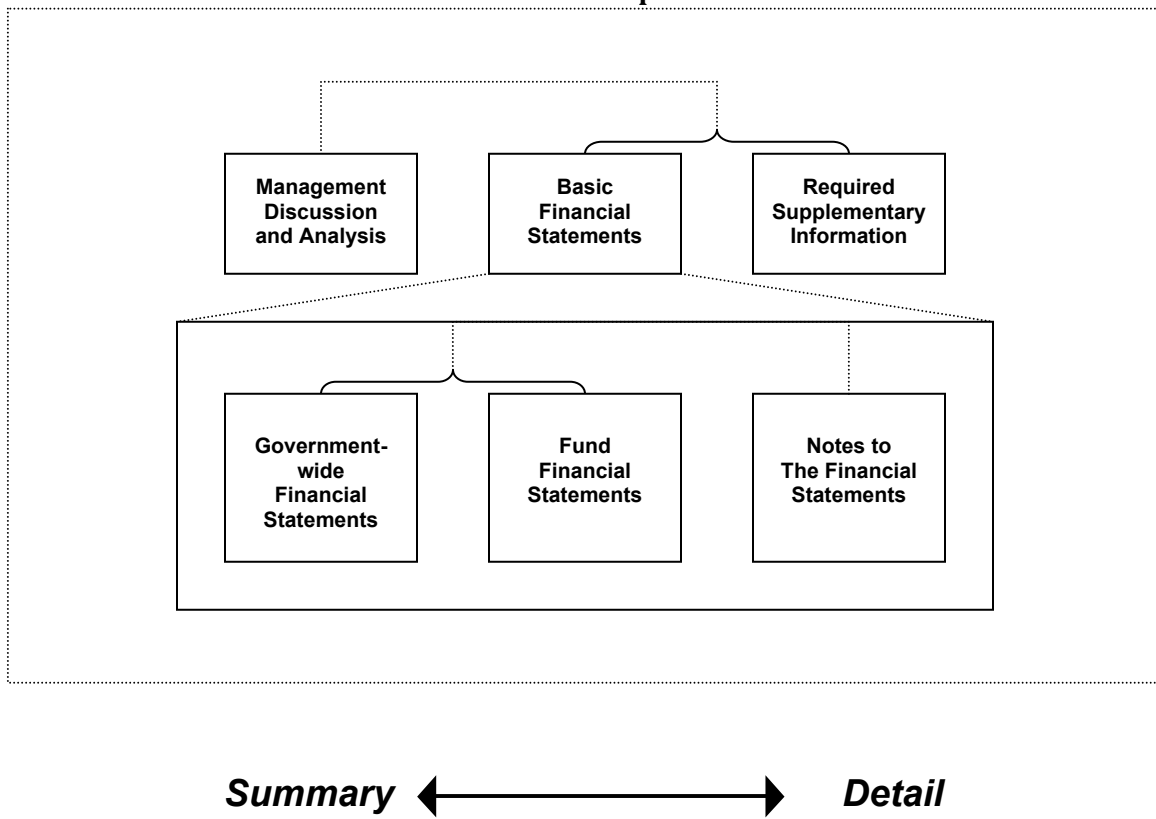
The remaining statements are fund financial statements that focus on individual parts of the School District's operations in more detail than the government-wide statements. The governmental funds statements tell how general CASD services were financed in the short-term as well as what remains for future spending. Proprietary fund statements offer short and long-term financial information about the activities that the School District operates like a business. For the CASD this is our Food Service Fund, Other Enterprise Funds, and Medical Insurance Fund. Fiduciary fund statements provide information about financial relationships where the CASD acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

CARLISLE AREA SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
June 30, 2021

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 supports the financial statements with a comparison of the School District's budget for the year.

Table A-1 shows how the required parts of this annual report are arranged and related to one another:

Table A-1
Required Components of
Carlisle Area School District's
Financial Report



CARLISLE AREA SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
June 30, 2021

Table A-2 summarizes the major features of the CASD's financial statements, including the portion of the School District they cover and the types of information they contain. The remainder of this overview section of the MD&A explains the structure and contents of each of the statements.

Table A-2
Major Features of Carlisle Area School District's
Government-Wide and Fund Financial Statements

	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	* Entire School District (except fiduciary funds)	*The activities of the School District that are not proprietary or fiduciary, such as education, administration and community services	*Activities the School District operates similar to private business-Food Services	*Instances in which the School District is the trustee or agent to someone else's resources - Trust Funds
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 fund net position *Statement of cash flows	*Statement of fiduciary net position *Statement of changes in fiduciary net position
Accounting basis and measurements 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 short-term and long-term	*Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no long-term capital assets and liabilities included	*All assets and liabilities, both financial and capital, and short-term and long-term	*All assets and liabilities, both short-term and long-term
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 the year regardless of when cash is received or paid	*All revenue and expenses during the year regardless of when cash is received or paid

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-Wide Statements

The government-wide statements report information about the CASD as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. 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 two government-wide statements report the CASD's net position and how they have changed. Net position, the difference between the School District's assets/deferred outflows of resources and liabilities/deferred inflows of resources, are one way to measure the School District's financial health or position.

Increases or decreases in the CASD's net position are an indication of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the CASD, you need to consider additional non-financial factors, such as changes in the School District's property tax base and the academic performance of its students.

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

Governmental activities - All of the CASD's basic services are included here, such as instruction, administration and community services. Property taxes and state and federal subsidies and grants finance most of these activities.

Business type activities - The CASD operates a food service operation and charges fees to staff, students and visitors to help it cover the costs of the food service operation.

Fund Financial Statements

The CASD's fund financial statements provide more detailed information about the CASD's funds focusing on the most significant funds - not the School District as a whole. Some funds are required by state law and by bond requirements to be reported as major funds.

The CASD has three kinds of funds:

Governmental Funds - Most of the CASD'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 CASD's 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 CASD's programs. Because this information does not encompass the additional long-term focus of the government-wide statement, 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.

CARLISLE AREA SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
June 30, 2021

Proprietary Funds - These funds are used to account for the CASD 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 CASD charges customers for services it provides - whether to outside customers or to other units in the School District - these services are generally reported in proprietary funds. The food service fund is one of the CASD's proprietary funds and is the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows. The CASD uses an internal service fund to report activities that provide services and supplies for its other programs and activities. The CASD currently has one internal service fund, its employee medical benefits trust fund.

Fiduciary Funds - The CASD is the trustee, or fiduciary, for assets that belong to others - the scholarship funds and student activities funds. All of the CASD's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from the CASD's government-wide financial statement because the School District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT

The Carlisle Area School District's total governmental and business activities - net position as of June 30, 2021, was \$ 2,693,880. This is an increase of \$ 10,910,145 over the (\$ 8,216,265) at June 30, 2020.

Statement of Net Position

	Governmental Activities		Business-Type Activities		Totals	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Assets and Deferred Outflows of Resources						
Current and other assets	\$ 61,275,945	\$ 55,232,365	\$ 1,527,551	\$ 1,503,185	\$ 62,803,496	\$ 56,735,550 *
Capital assets	93,917,810	97,509,199	419,984	473,799	94,337,794	97,982,998
Deferred Outflows of Resources	17,386,273	13,781,044	47,508	37,020	17,433,781	13,818,064
Total Assets and Deferred Outflows of Resources	<u>\$ 172,580,028</u>	<u>\$ 166,522,608</u>	<u>\$ 1,995,043</u>	<u>\$ 2,014,004</u>	<u>\$ 174,575,071</u>	<u>\$ 168,536,612</u>
Liabilities						
Current liabilities	\$ 16,255,765	\$ 15,783,647	\$ 126,135	\$ 69,625	\$ 16,381,900	\$ 15,853,272 *
Noncurrent liabilities	146,387,740	152,388,791	156,743	140,027	146,544,483	152,528,818
Total Liabilities	162,643,505	168,172,438	282,878	209,652	162,926,383	168,382,090
Deferred Inflows of Resources	8,930,398	7,902,633	24,410	36,326	8,954,808	7,938,959
Net Position						
Net investment in capital assets	52,735,662	50,687,430	419,984	473,799	53,155,646	51,161,229
Restricted - future capital expenses	11,780,495	11,922,426	-	-	11,780,495	11,922,426
Restricted - medical insurance	6,591,600	5,031,896	-	-	6,591,600	5,031,896
Unrestricted	(70,101,632)	(77,194,215)	1,267,771	1,294,227	(68,833,861)	(75,899,988)
Total Net Position	<u>1,006,125</u>	<u>(9,552,463)</u>	<u>1,687,755</u>	<u>1,768,026</u>	<u>2,693,880</u>	<u>(7,784,437)</u>
Total Liabilities and Net Position	<u>\$ 172,580,028</u>	<u>\$ 166,522,608</u>	<u>\$ 1,995,043</u>	<u>\$ 2,014,004</u>	<u>\$ 174,575,071</u>	<u>\$ 168,536,612</u>

* Net of eliminations from internal balances.

CARLISLE AREA SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
June 30, 2021

Most of the Carlisle Area School District's net position is invested in capital assets (buildings, land, and equipment). The remaining unrestricted net assets are combined of designated and undesignated amounts. The restricted balances are amounts set-aside to fund future purchases or capital projects as planned by the School District.

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 Carlisle Area School District's activities that are supported by other general revenues. The two largest general revenues are local taxes assessed to community taxpayers and the basic education subsidy provided by the Commonwealth of Pennsylvania.

Statement of Activities
Change of Net Position

	Governmental Activities	Business- Type Activities	Totals
Program Revenues			
Charges for services	\$ 239,174	\$ 260,811	\$ 499,985
Operating grants and contributions	17,555,208	1,495,692	19,050,900
Capital grants and contributions	972,075	-	972,075
General Revenues			
Taxes	61,134,515	-	61,134,515
Grants, subsidies, and contributions	14,910,837	-	14,910,837
Investment earnings	375,903	3,355	379,258
Miscellaneous income and sale of assets	(69,412)	30,541	(38,871)
Transfers	(8,349)	8,349	-
Total Revenues	<u>95,109,951</u>	<u>1,798,748</u>	<u>96,908,699</u>
District Expenses	<u>84,119,535</u>	<u>1,879,019</u>	<u>85,998,554</u>
Change in Net Position	<u>\$ 10,990,416</u>	<u>\$ (80,271)</u>	<u>\$ 10,910,145</u>

Direct expenses represent the actual cost of providing services and programs while the net cost represents the amount of cost that is not recovered through program revenues, meaning user charges, grants and contributions. The net cost of services must be recovered through general revenue, primarily taxes and state subsidies. Amounts not recovered will reduce funds available for future years.

CARLISLE AREA SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
June 30, 2021

Governmental and Business-Type Activities

	Governmental Activities		Business-Type Activities		Totals	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Revenues						
Program Revenues						
Charges for services	\$ 239,174	\$ 510,199	\$ 260,811	\$ 961,743	\$ 499,985	\$ 1,471,942
Operating grants and contributions	17,555,208	14,033,145	1,495,692	1,614,125	19,050,900	15,647,270
Capital grants and contributions	972,075	963,982	-	-	972,075	963,982
General Revenues						
Taxes	61,134,515	58,241,194	-	-	61,134,515	58,241,194
Grants, subsidies, and contributions	14,910,837	14,950,110	-	-	14,910,837	14,950,110
Investment earnings	375,903	443,089	3,355	13,448	379,258	456,537
Miscellaneous income and sale of assets	(69,412)	(220,283)	30,541	3,904	(38,871)	(216,379)
Transfers	(8,349)	(8,192)	8,349	8,192	-	-
Total Revenue	95,109,951	88,913,244	1,798,748	2,601,412	96,908,699	91,514,656
Expenses						
Instruction	53,317,786	50,476,424	-	-	53,317,786	50,476,424
Instructional student support	7,509,792	7,760,897	-	-	7,509,792	7,760,897
Administrative and financial support	10,258,346	8,867,984	-	-	10,258,346	8,867,984
Operation of maintenance of plant services	6,847,233	5,962,083	-	-	6,847,233	5,962,083
Pupil transportation	3,570,228	3,891,078	-	-	3,570,228	3,891,078
Student activities	1,221,705	1,433,207	-	-	1,221,705	1,433,207
Community services	9,242	12,849	-	-	9,242	12,849
Interest on long-term debt	1,385,203	1,551,562	-	-	1,385,203	1,551,562
Business-type activities	-	-	1,879,019	2,386,690	1,879,019	2,386,690
Component unit - Foundation	-	-	-	-	-	-
Total Expense	84,119,535	79,956,084	1,879,019	2,386,690	85,998,554	82,342,774
Changes in Net Position	10,990,416	8,957,160	(80,271)	214,722	10,910,145	9,171,882
Net Position - Beginning, as restated	(9,984,291)	(18,509,623)	1,768,026	1,553,304	(8,216,265)	(16,956,319)
Net Position - Ending	\$ 1,006,125	\$ (9,552,463)	\$ 1,687,755	\$ 1,768,026	\$ 2,693,880	\$ (7,784,437)

CARLISLE AREA SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
June 30, 2021

Fund Balances

The CASD classifies fund balances based on the relative strength of the constraints that control the purposes for which specific amounts can be spent, in accordance with GASB 54. Carlisle Area School District increased its governmental fund balance by \$ 1,502,761 from \$ 39,861,366 on June 30, 2020, to \$ 41,364,127 as of June 30, 2021.

The Board of Directors uses the Carlisle Area School District's fund balances to cover the costs of current and future capital projects, including those related to technology, and to protect educational programs and operating expenses against future scheduled increases in the state retirement system employer contribution rates, along with future volatility in funding sources and the economy of the region.

Governmental Fund Balance

<u>Governmental Fund Balance</u>	
General Fund - nonspendable fund balance	\$ 135,306
General Fund - committed fund balance	1,797,990
General Fund - assigned fund balance	11,130,131
General Fund - unassigned fund balance	11,608,164
Capital Projects Fund - committed fund balance	4,909,144
Student Body Fund - committed fund balance	2,897
Capital Reserve Fund - restricted fund balance	<u>11,780,495</u>
Total Governmental Fund Balance	<u>\$ 41,364,127</u>
Total nonspendable fund balance	\$ 135,306
Total restricted fund balance	11,780,495
Total committed fund balance	6,710,031
Total assigned fund balance	11,130,131
Total unassigned fund balance	<u>11,608,164</u>
Total Governmental Fund Balance	<u>\$ 41,364,127</u>

General Fund Budget

On June 27, 2006, the Pennsylvania Legislature passed Act 1 of Special Session of 2006, entitled the "Taxpayer Relief Act". Act 1 requires school districts to limit tax increases in the property tax millage rate to no more than the level set by an inflation index, unless the school district obtains approval from the Pennsylvania Department of Education for certain exceptions, or approval for a higher increase is received from voters in a ballot referendum. For the 2020-21 fiscal year, Carlisle Area School District's adjusted Act 1 Index was set at 3.3% and the Board of Directors voted to increase the property tax millage rate 3%.

It is important to note that school district boards of school directors are the only elected boards with taxing authority in Pennsylvania where the authority is limited by law. All other elected boards, including city/borough councils, township supervisors, county commissioners, and the general assembly have no such limitation. With declining or minimal increases in education funding from the state and federal governments, the Carlisle Area School District will be challenged in the future to balance the general fund budget.

CARLISLE AREA SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
June 30, 2021

The Board of Directors and Carlisle Area School District administration will continue to work in the future to put together an annual operating budget that focuses on the educational development of students and properly maintains the facilities of the School District for the long-term.

	Final Budget	Actual	Variance
Total Revenues	\$ 86,591,000	\$ 92,375,199	\$ 5,784,199
Total Expenditures	<u>86,950,000</u>	<u>87,405,377</u>	<u>(455,377)</u>
Revenues Over/(Under) Expenditures	(359,000)	4,969,822	5,328,822
Other Financing Sources (Uses)	<u>359,000</u>	<u>(3,373,512)</u>	<u>(3,732,512)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 1,596,310</u>	<u>\$ 1,596,310</u>

Capital Assets

As of June 30, 2021, the School District in conducting its governmental activities had \$ 93,917,810 invested in capital assets; including land; buildings; site improvements; equipment, furniture, and fixtures; and construction in process. This amount represents a net decrease (including additions, deletions and depreciation) of \$ 3,591,389 from the previous fiscal year.

Capital Assets (Net of Depreciation)

	June 30, 2021	June 30, 2020	Change
Governmental Activities			
Land	\$ 1,800,459	\$ 1,800,459	\$ -
Buildings	83,319,443	85,595,187	(2,275,744)
Site improvements	4,910,231	4,991,950	(81,719)
Equipment, furniture, and fixtures	3,662,960	4,064,277	(401,317)
Construction in process	<u>224,717</u>	<u>1,057,326</u>	<u>(832,609)</u>
Total Governmental Activities	<u>\$ 93,917,810</u>	<u>\$ 97,509,199</u>	<u>\$ (3,591,389)</u>
Business-Type Activities			
Furniture and equipment	<u>\$ 419,984</u>	<u>\$ 473,799</u>	<u>\$ (53,815)</u>

CARLISLE AREA SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
June 30, 2021

Long-Term Liabilities/Outstanding Bonds and Notes Payable

As of June 30, 2020, the CASD had total outstanding bonds and notes payable of \$ 47,925,910. During the 2020-21 fiscal year, the CASD made payments of \$ 6,067,589 resulting in a balance, as of June 30, 2021, of \$ 41,858,321. The CASD's debt is assigned a Moody's rating of Aa2, which reflects the high quality of the CASD's debt.

Outstanding Bonds and Notes Payable

	June 30, 2021	June 30, 2020	Change
General Obligation Bonds			
Series of 2012B	\$ 705,000.0	\$ 1,530,000.0	\$ (825,000.0)
Series of 2014	-	1,480,000	(1,480,000)
Series of 2015A	2,845,000	5,030,000	(2,185,000)
Series of 2016	1,705,000	1,970,000	(265,000)
Series of 2017	25,315,000	25,485,000	(170,000)
Series of 2018	5,910,000	6,450,000	(540,000)
Series of 2019	2,745,000	2,790,000	(45,000)
Unamortized bond (discounts) premium	<u>2,633,321</u>	<u>3,190,910</u>	<u>(557,589)</u>
Total General Obligation Bonds	<u>\$ 41,858,321</u>	<u>\$ 47,925,910</u>	<u>\$ (6,067,589)</u>

Other long-term liabilities of the CASD include accrued sick leave vacation and retirement stipend for employees and other post-employment benefits (OPEB) for retired employees and net pension liability. CASD retirees may purchase medical, prescription drug, dental, and vision coverages until they reach age 65.

FACTORS BEARING ON THE CASD'S FUTURE

The Carlisle Area School District continues to maintain a strong financial position based upon a stable tax base and adequate reserves to provide coverage for changes in economic conditions and state and federal government funding. During the 2012-13 and 2013-14 fiscal years, the School District undertook a \$ 39 million project to renovate and expand its two middle schools, which were originally opened in the late 1970's. This resulted in a substantial increase in the long-term debt of the School District in the 2011-12 fiscal year.

The future funding levels for Carlisle Area School District operations continues to be uncertain. As noted previously, Pennsylvania law limits the ability of the Board of Directors to increase the property tax millage rate for any given fiscal year. Property taxes represent the major source of revenue for the School District. The level of state funding provided for K-12 education continues to be an item vigorously debated in the State General Assembly on an annual basis.

Carlisle Area School District went through the COVID-19 pandemic in 2020-21. It is unknown at the end of 2020-21 fiscal year how School District funding and expenditures will be impacted by the pandemic for future years.

CARLISLE AREA SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
June 30, 2021

The funding of the cost of employee retirement through the Pennsylvania School Employees Retirement System (PERS) remains a substantial financial concern. The employer contribution rate based on wages paid has increased substantially in the last few years as follows: 8.65% in 2011-12, 12.36% in 2012-13, 16.93% in 2013-14, 21.40% in 2014-15, 25.84% in 2015-2016, 30.03% in 2016-17, 32.57% in 2017-18, 33.43% in 2018-19, 34.29% in 2019-20 and 34.51% in 2020-21. The contribution rate for the 2021-22 fiscal year has been certified by the PERS Board of Trustees at 34.94%. Currently, the rates for future fiscal years are projected at 34.79% for 2022-23, 36.38% for 2023-24, and 36.83% for 2024-25. The contribution rate is projected to continue to be in excess of 37% for at least 2 additional years beyond 2024-25. Even at the elevated rate of 34.79% in 2021-22, the unfunded liability for the retirement system is projected to increase. The Carlisle Area School District has no control over the retirement plan provided to its employees or the rate required for it to be funded.

The student enrollment of the Carlisle Area School District has seen moderate growth in recent years and based on demographic data is projected to continue to grow modestly and then stabilize. At this point, the School District is expecting to be able to accommodate future enrollment increases at existing school sites with the addition of classroom capacity as necessary.

The safety and security of students, staff, parents, and the public has been and will remain a high priority for the Carlisle Area School District. It is expected that the School District will continue to make investments in safety and security going forward.

The current collective bargaining agreement with the Carlisle Area Education Association, which represents the teachers and other professional employees of the Carlisle Area School District, expires on August 15, 2024. The Carlisle Area School District administration and the Carlisle Area Education Association leadership have a good working relationship and the expectation is that a good relationship will continue into the future.

CONTACTING THE CASD'S FINANCIAL MANAGEMENT

This financial report is designed to provide the reader with a general overview of the Carlisle Area School District's finances and to demonstrate the accountability for the money it receives. If you have questions about this report, please contact the Business Manager of the Carlisle Area School District located at 623 West Penn Street, Carlisle, PA 17013 at (717) 240-6800 Ext. 16055.

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

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 36,003,323	\$ 1,405,316	\$ 37,408,639
Investments	8,312,123	-	8,312,123
Receivables:			
Taxes, net	4,659,390	-	4,659,390
Intergovernmental	5,152,262	56,650	5,208,912
Other	451,189	1,594	452,783
Internal balances	(29,248)	29,248	-
Inventories	-	34,743	34,743
Prepaid items	6,726,906	-	6,726,906
Total current assets	<u>61,275,945</u>	<u>1,527,551</u>	<u>62,803,496</u>
Noncurrent Assets			
Capital assets not being depreciated			
Land	1,800,459	153,900	1,954,359
Construction in progress	224,717	-	224,717
Capital assets net of accumulated depreciation			
Site improvements	4,910,231	22,912	4,933,143
Buildings and improvements	83,319,443	150,856	83,470,299
Equipment, furniture and fixtures	3,662,960	92,316	3,755,276
Total noncurrent assets	<u>93,917,810</u>	<u>419,984</u>	<u>94,337,794</u>
Total assets	<u>155,193,755</u>	<u>1,947,535</u>	<u>157,141,290</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension liability	15,011,338	43,429	15,054,767
Deferred outflows related to OPEB liability	1,358,794	4,079	1,362,873
Deferred charge on bond refunding	1,016,141	-	1,016,141
Total deferred outflows of resources	<u>17,386,273</u>	<u>47,508</u>	<u>17,433,781</u>
Total assets and deferred outflows of resources	<u>\$ 172,580,028</u>	<u>\$ 1,995,043</u>	<u>\$ 174,575,071</u>
LIABILITIES			
Current liabilities			
Accounts payable	\$ 1,977,163	\$ 125,585	\$ 2,102,748
Accrued salaries, benefits and withholdings	7,399,422	-	7,399,422
Accrued interest	499,355	-	499,355
Portion due or payable within one year:			
General obligation bonds and notes payable	6,134,470	-	6,134,470
Compensated absences and retirement stipend	156,388	550	156,938
Capital leases	88,967	-	88,967
Total current liabilities	<u>16,255,765</u>	<u>126,135</u>	<u>16,381,900</u>
Noncurrent liabilities			
Portion due or payable after one year:			
General obligation bonds and notes payable	35,723,851	-	35,723,851
Compensated absences and retirement stipend	1,310,104	4,953	1,315,057
Capital leases	311,386	-	311,386
Net pension liability	101,193,922	139,973	101,333,895
OPEB liability	7,848,477	11,817	7,860,294
Total noncurrent liabilities	<u>146,387,740</u>	<u>156,743</u>	<u>146,544,483</u>
Total liabilities	<u>162,643,505</u>	<u>282,878</u>	<u>162,926,383</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension liability	7,730,020	21,869	7,751,889
Deferred inflows related to OPEB liability	1,200,378	2,541	1,202,919
Total deferred inflows of resources	<u>8,930,398</u>	<u>24,410</u>	<u>8,954,808</u>
NET POSITION			
Net investment in capital assets	52,735,662	419,984	53,155,646
Restricted			
Future capital expenses	11,780,495	-	11,780,495
Future medical expenses	6,591,600	-	6,591,600
Unrestricted	<u>(70,101,632)</u>	<u>1,267,771</u>	<u>(68,833,861)</u>
Total net position	<u>1,006,125</u>	<u>1,687,755</u>	<u>2,693,880</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 172,580,028</u>	<u>\$ 1,995,043</u>	<u>\$ 174,575,071</u>

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

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental activities							
Instruction	\$ 53,317,786	\$ 177,365	\$ 11,928,213	\$ -	\$ (41,212,208)	\$ -	\$ (41,212,208)
Instructional student support	7,509,792	-	1,058,762	-	(6,451,030)	-	(6,451,030)
Administrative and financial support services	10,258,346	55,171	1,694,509	-	(8,508,666)	-	(8,508,666)
Operation and maintenance of plant services	6,847,233	3,218	1,592,033	-	(5,251,982)	-	(5,251,982)
Pupil transportation	3,570,228	-	1,116,248	-	(2,453,980)	-	(2,453,980)
Student activities	1,221,705	2,642	155,475	-	(1,063,588)	-	(1,063,588)
Community services	9,242	778	9,968	-	1,504	-	1,504
Interest on long-term debt	1,385,203	-	-	972,075	(413,128)	-	(413,128)
Total governmental activities	<u>84,119,535</u>	<u>239,174</u>	<u>17,555,208</u>	<u>972,075</u>	<u>(65,353,078)</u>	<u>-</u>	<u>(65,353,078)</u>
Business-type activities							
Food services	1,792,960	30,818	1,495,692	-	-	(266,450)	(266,450)
Property rentals	86,059	229,993	-	-	-	143,934	143,934
Total business-type activities	<u>1,879,019</u>	<u>260,811</u>	<u>1,495,692</u>	<u>-</u>	<u>-</u>	<u>(122,516)</u>	<u>(122,516)</u>
Total primary government	<u>\$ 85,998,554</u>	<u>\$ 499,985</u>	<u>\$ 19,050,900</u>	<u>\$ 972,075</u>	<u>\$ (65,353,078)</u>	<u>\$ (122,516)</u>	<u>\$ (65,475,594)</u>
General revenues and transfers							
Property taxes levied for general purposes, public utility realty tax, and earned income tax					\$ 61,134,515	\$ -	\$ 61,134,515
Grants, subsidies and contributions not restricted					14,910,837	-	14,910,837
Investment earnings					375,903	3,355	379,258
Miscellaneous income					41,636	30,541	72,177
Gain (loss) on sale of capital assets					(111,048)	-	(111,048)
Transfers					(8,349)	8,349	-
Total general revenues and transfers					<u>76,343,494</u>	<u>42,245</u>	<u>76,385,739</u>
Change in net position					10,990,416	(80,271)	10,910,145
Net position - beginning, as restated					(9,984,291)	1,768,026	(8,216,265)
Net position - ending					<u>\$ 1,006,125</u>	<u>\$ 1,687,755</u>	<u>\$ 2,693,880</u>

CARLISLE AREA SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2021

	General Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 24,391,451	\$ 9,229,252	\$ 2,382,620	\$ 36,003,323
Investments	2,990,123	2,828,000	2,494,000	8,312,123
Taxes receivable, net	4,659,390	-	-	4,659,390
Due from other funds	34,674	-	-	34,674
Receivable from other governments	5,152,262	-	-	5,152,262
Other receivables	289,999	117,671	36,673	444,343
Prepaid expenditures	135,306	-	-	135,306
Total assets	<u>\$ 37,653,205</u>	<u>\$ 12,174,923</u>	<u>\$ 4,913,293</u>	<u>\$ 54,741,421</u>
LIABILITIES				
Accounts payable	\$ 1,609,169	\$ 366,742	\$ -	\$ 1,975,911
Due to other funds	29,390	27,686	1,252	58,328
Accrued salaries, benefits and withholdings	7,399,422	-	-	7,399,422
Total liabilities	<u>9,037,981</u>	<u>394,428</u>	<u>1,252.00</u>	<u>9,433,661</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable grant revenue	1,724,714	-	-	1,724,714
Unavailable tax revenue	2,218,919	-	-	2,218,919
Total deferred inflows of resources	<u>3,943,633</u>	<u>-</u>	<u>-</u>	<u>3,943,633</u>
FUND BALANCES				
Nonspendable fund balance				
Nonspendable for future prepaid expenditures	135,306	-	-	135,306
Restricted fund balance				
Restricted for future capital projects	-	11,780,495	-	11,780,495
Committed fund balance				
Student activities	-	-	2,897	2,897
Future retirement costs	1,000,000	-	-	1,000,000
Future medical insurance costs	297,990	-	-	297,990
Future property insurance	500,000	-	-	500,000
Future capital projects	-	-	4,909,144	4,909,144
Assigned fund balance				
Future cyber and charter school	2,870,000	-	-	2,870,000
Future special education	2,000,000	-	-	2,000,000
Budget deficit	2,760,131	-	-	2,760,131
Future elementary program changes	2,000,000	-	-	2,000,000
Future athletic facilities	1,500,000	-	-	1,500,000
Unassigned fund balance	11,608,164	-	-	11,608,164
Total fund balances	<u>24,671,591</u>	<u>11,780,495</u>	<u>4,912,041</u>	<u>41,364,127</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 37,653,205</u>	<u>\$ 12,174,923</u>	<u>\$ 4,913,293</u>	<u>\$ 54,741,421</u>

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

Total fund balances - governmental funds \$ 41,364,127

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

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

Cost of assets	178,313,345	
Accumulated depreciation	<u>(84,395,535)</u>	93,917,810

An internal service fund is used by management to pay for medical insurance costs. The portion of net position of the internal service fund related to the governmental funds is included in the governmental activities in the Statement of Net Position. 6,591,600

Certain taxes receivable are not available soon enough to pay for current period expenditures and therefore are deferred in the fund financial statements. 3,943,633

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

Bonds and notes payable, net of discount and premium	(41,858,321)	
Deferred charge on bond refunding	1,016,141	
Capital lease payable	(400,353)	
Accrued interest on bonds	(499,355)	
Compensated absences/retirement stipend	(1,466,492)	
Net pension liability	(101,193,922)	
Deferred outflows related to pension liability	15,011,338	
Deferred inflows related to pension liability	(7,730,020)	
OPEB liability	(7,848,477)	
Deferred outflows related to OPEB liability	1,358,794	
Deferred inflows related to OPEB liability	<u>(1,200,378)</u>	

(144,811,045)

Net position of governmental activities in the Statement of Net Position \$ 1,006,125

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

	General Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Local revenues				
Taxes	\$ 60,274,178	\$ -	\$ -	\$ 60,274,178
Investment earnings	108,415	183,608	49,419	341,442
Revenue from intermediate sources	901,018	-	-	901,018
Other	422,743	-	1,300	424,043
State sources	27,711,389	-	-	27,711,389
Federal sources	<u>2,957,456</u>	<u>-</u>	<u>-</u>	<u>2,957,456</u>
Total revenues	<u>92,375,199</u>	<u>183,608</u>	<u>50,719</u>	<u>92,609,526</u>
EXPENDITURES				
Instruction	53,705,028	-	-	53,705,028
Support services	26,896,420	1,041,473	106	27,937,999
Operation of noninstructional services	1,439,956	-	2,231	1,442,187
Facilities acquisition, construction and improvements	-	1,283,750	-	1,283,750
Debt service:				
Principal	4,559,484	995,000	-	5,554,484
Interest	<u>804,489</u>	<u>815,316</u>	<u>-</u>	<u>1,619,805</u>
Total expenditures	<u>87,405,377</u>	<u>4,135,539</u>	<u>2,337</u>	<u>91,543,253</u>
Excess (deficiency) of revenues over expenditures	<u>4,969,822</u>	<u>(3,951,931)</u>	<u>48,382</u>	<u>1,066,273</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from capital lease	444,837	-	-	444,837
Interfund transfers	<u>(3,818,349)</u>	<u>3,810,000</u>	<u>-</u>	<u>(8,349)</u>
Total other financing sources and uses	<u>(3,373,512)</u>	<u>3,810,000</u>	<u>-</u>	<u>436,488</u>
Net change in fund balances	<u>1,596,310</u>	<u>(141,931)</u>	<u>48,382</u>	<u>1,502,761</u>
Fund balances - beginning, as restated	<u>23,075,281</u>	<u>11,922,426</u>	<u>4,863,659</u>	<u>39,861,366</u>
Fund balances - ending	<u>\$ 24,671,591</u>	<u>\$ 11,780,495</u>	<u>\$ 4,912,041</u>	<u>\$ 41,364,127</u>

CARLISLE AREA SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances of the Governmental Funds to the Statement of Activities
Year Ended June 30, 2021

Net change in fund balances - total governmental funds \$ 1,502,761

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

Governmental funds report capital outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlays differed from depreciation expense in the current period.

Gain/loss on disposition of assets	(111,048)	
Depreciation expense	(5,093,269)	
Capital outlays	<u>1,168,091</u>	(4,036,226)

Revenue and expenses of the internal service fund are reported as proprietary activities in the fund financials, but this primarily supports the governmental activities, and thus the change in net position applicable to the governmental activities. 1,995,356

Governmental funds do not present certain revenues unless they are "available" to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned. Because certain revenues will not be collected for several months after the School District's fiscal year end, they are not considered as "available" revenues in the governmental funds. Unavailable revenues changed by this amount this year. 2,586,392

The issuance of general obligation bonds and notes provides current financial resources to governmental funds, but has no effect on net position. Likewise, the payment to refund bonds and notes uses current financial resources, but also has no effect on net position. Governmental funds report repayment of bond and note principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. Also, governmental funds report the effects of premiums, discounts, and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Repayment of general obligations bonds and notes - principal	5,510,000
Amortization of bond premium, discounts, prepaid bond insurance, and deferred charge on bond refundings	197,816

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

Accrued interest	36,786
Capital leases	44,484
OPEB liability	(67,269)
Net pension liability	3,018,648
Compensated absences/retirement stipend	<u>201,668</u>

Change in net position of governmental activities \$ 10,990,416

CARLISLE AREA SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -
General Fund
Year Ended June 30, 2021

	Budget		Actual	Variance
	Original	Final	(Budgetary/ GAAP Basis)	with Final Budget
REVENUES				
Local sources				
Taxes	\$ 55,591,679	\$ 55,591,679	\$ 60,274,178	\$ 4,682,499
Investment earnings	25,000	25,000	108,415	83,415
Revenue from intermediate sources	1,230,000	1,230,000	901,018	(328,982)
Other	392,000	392,000	422,743	30,743
State sources	27,547,321	27,547,321	27,711,389	164,068
Federal sources	1,805,000	1,805,000	2,957,456	1,152,456
Total revenues	<u>86,591,000</u>	<u>86,591,000</u>	<u>92,375,199</u>	<u>5,784,199</u>
EXPENDITURES				
Instruction				
Regular programs	35,809,541	35,075,541	36,002,899	(927,358)
Special programs	10,383,506	10,383,506	10,043,453	340,053
Vocational education	1,878,022	1,878,022	1,839,141	38,881
Other instructional	3,550,807	3,550,807	5,610,029	(2,059,222)
Nonpublic school programs	-	-	8,211	(8,211)
Adult and higher education programs	209,770	209,770	201,295	8,475
Support services				
Pupil personnel services	4,221,047	4,221,047	3,960,831	260,216
Instructional staff services	2,194,059	2,439,059	2,252,299	186,760
Administrative services	6,188,799	6,188,799	5,270,349	918,450
Pupil health	1,345,581	1,345,581	1,250,475	95,106
Business	736,046	736,046	695,378	40,668
Operation and maintenance of plant services	7,080,574	7,080,574	6,539,413	541,161
Student transportation services	4,472,887	4,472,887	3,387,313	1,085,574
Central support services	2,160,613	2,649,613	3,487,903	(838,290)
Other support services	55,000	55,000	52,459	2,541
Operation of noninstructional services				
Student activities	1,330,174	1,330,174	1,261,768	68,406
Community services	-	-	175,413	(175,413)
Other noninstructional services	1,500	1,500	2,775	(1,275)
Debt service				
Principal	4,500,000	4,500,000	4,559,484	(59,484)
Interest	832,074	832,074	804,489	27,585
Total expenditures	<u>86,950,000</u>	<u>86,950,000</u>	<u>87,405,377</u>	<u>(455,377)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from capital lease	-	-	444,837	(444,837)
Interfund transfers	359,000	359,000	(3,818,349)	(4,177,349)
Total other financing sources and (uses)	<u>359,000</u>	<u>359,000</u>	<u>(3,373,512)</u>	<u>(4,622,186)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,596,310</u>	<u>\$ 1,596,310</u>
Fund balance - beginning			23,075,281	
Fund balance - ending			<u>\$ 24,671,591</u>	

CARLISLE AREA SCHOOL DISTRICT
Statement of Net Position - Proprietary Funds
June 30, 2021

	Enterprise		Total	Internal Service
	Food Service Fund	Other Enterprise Fund		Medical Insurance Fund
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 360,501	\$ 1,044,815	\$ 1,405,316	\$ -
Due from other funds	4,243	25,147	29,390	-
Due from other governments	56,650	-	56,650	-
Other receivables	1,594	-	1,594	-
Prepaid expenses	-	-	-	6,591,600
Inventory	34,743	-	34,743	-
Total current assets	<u>457,731</u>	<u>1,069,962</u>	<u>1,527,693</u>	<u>6,591,600</u>
Noncurrent Assets				
Land	-	153,900	153,900	-
Site improvements	-	45,840	45,840	-
Buildings	-	856,267	856,267	-
Furniture and equipment	2,622,581	-	2,622,581	-
Accumulated depreciation	<u>(2,530,265)</u>	<u>(728,339)</u>	<u>(3,258,604)</u>	<u>-</u>
Total noncurrent assets	<u>92,316</u>	<u>327,668</u>	<u>419,984</u>	<u>-</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension liability	43,429	-	43,429	-
Deferred outflows related to OPEB liability	<u>4,079</u>	<u>-</u>	<u>4,079</u>	<u>-</u>
Total deferred outflows of resources	<u>47,508</u>	<u>-</u>	<u>47,508</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 597,555</u>	<u>\$ 1,397,630</u>	<u>\$ 1,995,185</u>	<u>\$ 6,591,600</u>
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 125,585	\$ -	\$ 125,585	\$ -
Due to other funds	142	-	142	-
Compensated absences	550	-	550	-
Total current liabilities	<u>126,277</u>	<u>-</u>	<u>126,277</u>	<u>-</u>
Noncurrent Liabilities				
Compensated absences	4,953	-	4,953	-
OPEB liability	11,817	-	11,817	-
Net pension liability	<u>139,973</u>	<u>-</u>	<u>139,973</u>	<u>-</u>
Total noncurrent liabilities	<u>156,743</u>	<u>-</u>	<u>156,743</u>	<u>-</u>
Total liabilities	<u>283,020</u>	<u>-</u>	<u>283,020</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension liability	21,869	-	21,869	-
Deferred inflows related to OPEB liability	<u>2,541</u>	<u>-</u>	<u>2,541</u>	<u>-</u>
Total deferred inflows of resources	<u>24,410</u>	<u>-</u>	<u>24,410</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	92,316	327,668	419,984	-
Restricted	-	-	-	6,591,600
Unrestricted	<u>197,809</u>	<u>1,069,962</u>	<u>1,267,771</u>	<u>-</u>
Total net position	<u>290,125</u>	<u>1,397,630</u>	<u>1,687,755</u>	<u>6,591,600</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 597,555</u>	<u>\$ 1,397,630</u>	<u>\$ 1,995,185</u>	<u>\$ 6,591,600</u>

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

	Enterprise			Internal Service
	Food Service Fund	Other Enterprise Fund	Total	Medical Insurance Fund
OPERATING REVENUE				
Sales and charges for services/insurance premiums	\$ 62,882	\$ 233,348	\$ 296,230	\$ 9,250,874
Total operating revenues	<u>62,882</u>	<u>233,348</u>	<u>296,230</u>	<u>9,250,874</u>
OPERATING EXPENSES				
Purchased services	1,477,912	2,425	1,480,337	-
Food and milk purchases	155,926	-	155,926	-
Salaries	43,482	-	43,482	-
Employee benefits	19,058	-	19,058	5,346,820
Other employee benefits	-	-	-	1,525,999
Administrative fees and overhead costs	-	-	-	417,160
Supplies	13,430	-	13,430	-
Depreciation	37,220	37,314	74,534	-
Repairs and maintenance	30,495	8,828	39,323	-
Other operating expenses	15,437	2,666	18,103	-
Real estate taxes	-	34,826	34,826	-
Total operating expenses	<u>1,792,960</u>	<u>86,059</u>	<u>1,879,019</u>	<u>7,289,979</u>
Operating income (loss)	<u>(1,730,078)</u>	<u>147,289</u>	<u>(1,582,789)</u>	<u>1,960,895</u>
NONOPERATING REVENUES (EXPENSES)				
Federal subsidies	1,423,472	-	1,423,472	-
State subsidies	57,197	-	57,197	-
Non-operating grants	13,500	-	13,500	-
Interest income	-	-	-	34,461
Total nonoperating revenue (expenses)	<u>1,494,169</u>	<u>-</u>	<u>1,494,169</u>	<u>34,461</u>
Income (loss) before transfers	<u>(235,909)</u>	<u>147,289</u>	<u>(88,620)</u>	<u>1,995,356</u>
TRANSFERS				
Interfund transfers	<u>8,349</u>	<u>-</u>	<u>8,349</u>	<u>-</u>
Change in net position	(227,560)	147,289	(80,271)	1,995,356
Total net position - beginning, as restated	<u>517,685</u>	<u>1,250,341</u>	<u>1,768,026</u>	<u>4,596,244</u>
Total net position - ending	<u>\$ 290,125</u>	<u>\$ 1,397,630</u>	<u>\$ 1,687,755</u>	<u>\$ 6,591,600</u>

CARLISLE AREA SCHOOL DISTRICT
Statement of Cash Flows - Proprietary Funds
Year Ended June 30, 2021

	Enterprise			Internal Service
	Food Service Fund	Other Enterprise Fund	Total	Medical Insurance Fund
Cash flows from operating activities				
Cash received from sales/rentals/insurance premiums	\$ 120,362	\$ 233,348	\$ 353,710	\$ 9,250,874
Cash payments for goods and services	(1,460,406)	(35,473)	(1,495,879)	-
Cash payments to and on behalf of employees	(71,349)	-	(71,349)	(9,285,335)
Net cash provided (used) by operating activities	<u>(1,411,393)</u>	<u>197,875</u>	<u>(1,213,518)</u>	<u>(34,461)</u>
Cash flows from capital and related financing activities				
Purchase of equipment	(20,719)	-	(20,719)	-
Net cash provided (used) by capital and related financing activities	<u>(20,719)</u>	<u>-</u>	<u>(20,719)</u>	<u>-</u>
Cash flows from noncapital financing activities				
Transfers (to)/from other funds	8,349	(25,147)	(16,798)	-
Non-operating grants	13,500	-	13,500	-
Federal subsidies	1,217,973	-	1,217,973	-
State subsidies	55,070	-	55,070	-
Net cash provided (used) by noncapital financing activities	<u>1,294,892</u>	<u>(25,147)</u>	<u>1,269,745</u>	<u>-</u>
Cash flows from investing activities				
Earnings on investments	-	-	-	34,461
Net increase (decrease) in cash and cash equivalents	(137,220)	172,728	35,508	-
Cash and cash equivalents - beginning	497,721	872,087	1,369,808	-
Cash and cash equivalents - ending	<u>\$ 360,501</u>	<u>\$ 1,044,815</u>	<u>\$ 1,405,316</u>	<u>\$ -</u>
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities				
Cash flows from operating activities				
Operating income (loss)	\$ (1,730,078)	\$ 147,289	\$ (1,582,789)	\$ 1,960,895
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Donated food used	150,976	-	150,976	-
Depreciation	37,220	37,314	74,534	-
(Increase) decrease in:				
Inventory	25,472	-	25,472	-
Accounts receivable	49,476	-	49,476	76,841
Due from other funds	8,004	-	8,004	-
Prepaid expenses	-	-	-	(2,072,197)
Increase (decrease) in:				
OPEB liability and related deferred outflows and inflows	1,575	-	1,575	-
Net pension liability and related deferred outflows and inflows	(8,746)	-	(8,746)	-
Compensated absences	1,647	-	1,647	-
Due to other funds	(3,285)	13,272	9,987	-
Accounts payable	56,346	-	56,346	-
Total adjustments	<u>318,685</u>	<u>50,586</u>	<u>369,271</u>	<u>(1,995,356)</u>
Net cash provided (used) by operating activities	<u>\$ (1,411,393)</u>	<u>\$ 197,875</u>	<u>\$ (1,213,518)</u>	<u>\$ (34,461)</u>

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

	Custodial Funds	Private Purpose Trust Fund
ASSETS		
Cash and cash equivalents	\$ 94,535	\$ 96
Investments	-	15,000
Due from special revenue fund	76	-
Accounts receivable	243	-
Total assets	<u>\$ 94,854</u>	<u>\$ 15,096</u>
LIABILITIES		
Due to general fund	<u>5,670</u>	-
Total liabilities	<u>5,670</u>	-
NET POSITION		
Held in trust		15,096
Restricted for individuals and organizations	<u>89,184</u>	-
Total net position	<u>89,184</u>	<u>15,096</u>
Total liabilities and net position	<u>\$ 94,854</u>	<u>\$ 15,096</u>

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

	Custodial Funds	Private Purpose Trust Fund
ADDITIONS		
Fundraisers	\$ 15,599	\$ -
Sales	10,040	-
Dues	1,464	-
Contributions	600	-
Interest income	190	6
Total additions	<u>27,893</u>	<u>6</u>
DEDUCTIONS		
Supplies	28,721	-
Food/refreshments	2,350	-
Dues and student fees	3,859	-
Rentals	2,000	-
Scholarships	1,450	-
Contributions	1,115	-
Miscellaneous expense	2,200	-
Total deductions	<u>41,695</u>	<u>-</u>
Change in net position	(13,802)	6
Net position - beginning, as restated	<u>102,986</u>	<u>15,090</u>
Net position - ending	<u>\$ 89,184</u>	<u>\$ 15,096</u>

CARLISLE AREA SCHOOL DISTRICT

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations and Reporting Entity

Carlisle Area School District (School District) operates a public school system which is comprised of Carlisle Borough, Mt. Holly Springs Borough, North Dickinson Township, and North Middleton Township in Cumberland County, Pennsylvania.

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

Reporting Entity

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

The School District is affiliated with Harrisburg Area Community College (HACC), along with numerous other member school districts in a joint venture arrangement. The member school districts participate in providing oversight responsibility to this entity through the following:

- Appointing of Board members who are also Board members of the participating schools
- Approval and funding of operating budget
- Long-term agreement to provide funding for capital expenditures

The School District has an ongoing financial responsibility to fund its proportionate share of the College's capital outlay in addition to a predetermined amount per credit for each student. Separate financial statements are prepared for and available from HACC.

See additional information regarding payments to the above affiliated organization at Note 12.

The School District is also affiliated with the South Central Region School Employees Benefit Welfare Trust (the Trust), a public entity risk pool which provides employees medical insurance. The member school districts appoint the Trustees of the Trust and the School District is one of nine participating members in the Trust at June 30, 2021. The Trust is not deemed a component unit of the School District under governmental accounting principles. See Note 14 for further information.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting

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

1. Governmental Funds

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

The School District reports the following governmental funds:

General Fund – Major Fund

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

Capital Reserve Fund – Major Fund

The capital reserve fund (Section 2932 is authorized by Pennsylvania Law 145, Act of April 30, 1943, known as Section 2932 School Laws of Pennsylvania) accounts for (1) monies transferred during any fiscal year from appropriations made for any particular purpose which may not be needed, and (2) surplus monies in the General Fund of the School District at the end of any fiscal year. These funds must be used for capital improvements.

Capital Projects Fund – Non-Major Fund

This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Student Body Fund – Non-Major Fund

This fund is used to account for revenues and financial resources used to run the School District's Student Body club.

2. Proprietary Funds

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

Food Service Fund – Enterprise Fund – Major Fund

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

The School District does not attempt to allocate "building-wide costs" to the food service fund. Thus, general fund expenditures which partially benefit the food service fund (utilities, janitorial services, insurance, etc.) are not proportionately recognized within the food service fund; similarly, the food service fund does not recognize a cost for the building space it occupies (no rental-of-facilities expense).

Property Rental Fund – Enterprise Fund – Non-Major Fund

This fund was established to account for all revenues and expenses pertaining to the rental of facilities owned and operated by the School District. It is the intent of the governing body to charge for the rental of the facilities to cover the expenses associated with their upkeep.

Medical Insurance Fund - Internal Service Fund

This fund was established to create a reserve for future medical claims. The fund accounts for the transactions of the School District associated with self-insuring the School District's medical costs through participation in the South Central Region School Employees Benefit Welfare Trust.

3. Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into two classifications: private purpose trust funds and custodial funds. The School District's only private-purpose trust fund consists of bequests that have been established in prior years. Only the earnings are available for the specific purpose of providing awards and scholarships as prescribed by donor stipulation. Officials of the School District determine the winners of the awards and scholarships, which are made only if there are qualified recipients and adequate earnings. Custodial funds are used to account for fiduciary activities not required to be reported in private purpose trust funds. With the adoption of the new accounting standard described in Note 15, Student Activities that were previously presented as Agency Funds were evaluated. Based on the evaluation of the School District's administrative involvement in student activities, a special revenue fund was created for the activity of one Student Activity. Remaining Student Activities are now presented as Custodial Funds.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

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

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

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

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

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

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

Fiduciary funds are reported using the economic resources measurement focus.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

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

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

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

Budgets and Budgetary Accounting

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

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

1. The School District, before levying annual school taxes, is required to prepare an operating budget for the succeeding fiscal year.
2. The Board of School Directors may make transfers of funds appropriated to any particular item of expenditure by legislative action. An affirmative vote of two-thirds of all members of the Board is required.
3. Fund balances in budgetary funds may be appropriated based on resolutions passed by the Board of Education, which authorize the School District to make expenditures.

CARLISLE AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting (Continued)

4. Appropriations lapse at the end of the fiscal period.
5. Included in the General Fund budget are program budgets as prescribed by the state and federal agencies funding the programs. These budgets are approved on a program-by-program basis by the state or federal funding agency. These programs frequently result in supplementary budget appropriations.

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

During 2020/2021, the School District overspent the budgeted expenditures of the General Fund, which is a violation of the Pennsylvania School Code, but is not expected to result in any negative implications of the School District.

Cash, Cash Equivalents, and Investments

Cash and cash equivalents include all demand deposits, petty cash, savings, money market accounts, and certificates of deposit with original maturities of three months or less.

Investments include certificates of deposit with original maturities greater than three months. Investments are stated at market value. Accrued interest is included with other receivables on the balance sheet and statement of net position.

Inventory

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

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The School District maintains a capitalization threshold of \$ 5,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets is not capitalized unless it is incurred in a proprietary fund.

CARLISLE AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

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

	Governmental Activities	Business-Type Activities
Site improvements	8 - 25 years	N/A
Buildings and improvements	5 - 50 years	N/A
Equipment, furniture and fixtures	5 - 20 years	5 - 20 years

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The School District has several items that qualify for reporting in this category, including the deferred charge on bond refunding and various amounts related to pension and OPEB liabilities. These amounts will be amortized in future periods.

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

Interfund Activity/Internal Balances

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Obligations

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

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

Retirement Plans

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

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

Compensated Absences

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

School District policy is to pay to qualifying retirees a portion of unused sick days, subject to certain limitations. Amounts determined will be deposited into a 403(b) plan on behalf of the retired employee; no cash option is available.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

The estimate of the liabilities for compensated absences has been calculated using the termination payment method in accordance with the provisions of the GASB. Under that method, the School District has identified the amount earned to date by each employee, determined the cost of that benefit by reference to the benefit provisions and the current rates paid by the School District, and estimated the probability of the payment of that benefit to employees upon retirement.

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

Payments for sick pay are expensed as paid in the governmental fund financial statements.

Retirement Stipend

In addition to the above, employees in the bargaining agreement who retire from the School District with at least fifteen (15) years of service will receive a \$ 5,500 payment upon retirement. This is reported with the compensated absences liability for individuals that are eligible based on years of service.

Other Postemployment Benefits Other Than Pensions

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

The School District provides postemployment benefits by permitting retired employees the ability to participate in the employee health plan through a single employer defined benefit other post-employment health plan (OPEB) at the same premium rate, albeit 100% paid for by the retirees. Consequently, the School District is providing an implicit rate subsidy to its retirees. These benefits are financed on a pay-as-you-go basis.

PSERS

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position – Government-Wide/Proprietary Funds

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

Net Investment in Capital Assets: This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets. If there are significant unspent related debt proceeds at year-end, the portion of debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of debt is included in the same net position component as the unspent proceeds. Deferred outflows of resources and deferred inflows of resources attributable to acquisition, construction, or improvement of assets of related debt also should be included in this component of net position.

Restricted Net Position: This component of net position consists of restricted assets and deferred outflows of resources reduced by liabilities and deferred inflows of resources related to those assets. These restrictions could include constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provision or enabling legislation. Restricted net position as of June 30, 2021 is for future capital and medical expenses.

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

Net Position Flow Assumption

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

Fund Balance – Governmental Fund Financial Statements

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance – Governmental Fund Financial Statements (Continued)

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

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

Assigned: This classification includes spendable amounts that are reported in governmental funds *other than the General Fund*, that are neither restricted nor committed, and amounts in the General Fund that are intended to be used for a specific purpose. The intent of an assigned fund balance should be expressed by either the School District’s Board, or a subordinate high-level body, such as the finance committee, superintendent, or business manager that is authorized to assign amounts to be used for specific purposes. As detailed in its Fund Balance Policy, the Director of Finance has the authority to make assignments of fund balance. The assignment of fund balance cannot result in a negative unassigned fund balance.

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

Policy Regarding Order of Spending

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

Minimum Fund Balance

The School District strives to maintain an unassigned fund balance of the general fund of not less than three percent (3%) and not more than eight percent (8%) of the budgeted expenditures for that fiscal year.

CARLISLE AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Risks and Uncertainties

Recent economic and government reactions to the COVID-19 pandemic have resulted in temporary reductions or shutdowns of operations for some businesses and created many economic uncertainties. The financial impact and duration cannot be reasonably estimated at this time.

NOTE 2 CASH AND INVESTMENTS

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

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

CARLISLE AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The School District does not have a policy for custodial credit risk. As of June 30, 2021, the School District has a bank balance of \$ 30,732,629. Of this balance, \$ 4,857,000 is covered by FDIC insurance and the remaining balance of \$ 25,875,629 was exposed to custodial credit risk because the collateral securities held by the bank’s agents are not in the School District’s name.

Included in the totals above are non-negotiable certificates of deposits (CD’s) in the amount of \$ 8,327,123. These CD’s had an original maturity greater than 90 days and are classified as investments in the financial statements.

Pennsylvania Act 72 of 1971, as amended, is an act standardizing the procedures for pledges of assets to secure deposits of public funds with banking institutions pursuant to other laws; establishing a standard rule for the types, amounts and valuations of assets eligible to be used as collateral for deposits of public funds; permitting assets to be pledged against deposits on a pooled basis and authorizing the appointment of custodians to act as the pledger of the assets. Based on the standards outlined in Act 72, the various banks utilized by the School District have, pledged collateral on a pooled basis on behalf of the School District and all other governmental depositors in the respective financial institutions.

Investments

As of June 30, 2021, the School District had the following investments:

	Fair Value	Investment Maturities (in Years)			S&P Global Ratings
		Less than One Year	One to Five Years	More than Five Years	
External investment pool	\$ 2,336,293	\$ 2,336,293	\$ -	\$ -	AAAm

The investments in the external investment pool are considered cash equivalents for financial reporting purposes.

Interest Rate Risk - Investments

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

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

CARLISLE AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Credit Risk - Investments

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

Policies Followed at PLGIT

Regulatory Oversight

The operation of PLGIT is governed by an eleven member Board of Trustees. The Trustees must be employees or elected officials of a local government or school district and are elected at the annual meeting of investors. The Trustees have exclusive and absolute control over the affairs of the Trust and its’ assets, subject to rights of the Investors, as provided in the Declaration of Trust.

PLGIT is not registered with the Securities and Exchange Commission (SEC); however, PLGIT follows investment procedures similar to those followed by SEC registered money market funds.

Valuation of Investments

Portfolios are valued using the net asset value per share. The net asset value per share is computed by dividing the total value of the securities and other assets of the portfolio less liabilities, by the outstanding shares of the portfolio.

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

NOTE 3 TAXES

Real estate taxes are considered fully collectible since liens can be filed on properties. Property taxes are levied as of July 1 on assessed property values. The tax bills are mailed by the Tax Collectors on July 1 and are payable as follows.

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

After January 15, the bills are considered delinquent and turned over to the Cumberland County Tax Claim Bureau for collection.

CARLISLE AREA SCHOOL DISTRICT
Notes to Financial Statements

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

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

Earned income	\$ 2,392,451
Real estate	1,490,865
Real estate transfer tax	761,960
Other taxes	<u>14,114</u>
Taxes receivable, net	4,659,390
Taxes collected within sixty days, recorded as revenues in governmental funds	<u>(2,440,471)</u>

Taxes estimated to be collected after sixty days and thus "unavailable", recorded as deferred inflows of resources in governmental funds.	<u>\$ 2,218,919</u>
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Tax Abatements

Local Economic Revitalization Tax Assistance Act

The Carlisle Are School District enters into property tax abatement agreements with local businesses under the Local Economic Revitalization Tax Assistance Act of December 1, 1977. The Act authorizes specified local governments to provide tax exemption for new construction and improvements to industrial, commercial and other business properties located within certain designated areas. Under the Act, local governments may grant property tax abatements of up to 100 percent of a business' property tax bill, based on assessed value, for the purpose of attracting or retaining businesses within their jurisdictions.

<u>Year of Abatement</u>	<u>Exempted Real Estate Assessment</u>	<u>Percentage of Exemption</u>	<u>Millage</u>	<u>Exempted Real Estate Taxes</u>
2002	\$ <u>932,560</u>	40%	0.0153528	\$ <u>14,317</u>
Totals	\$ <u><u>932,560</u></u>			\$ <u><u>14,317</u></u>

CARLISLE AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 5 INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

Net interfund receivables/payables consist of the following at June 30, 2021:

Funds	Interfund Receivable	Interfund Payable
General	\$ 34,674	\$ 29,390
Food Service	4,243	142
Capital Reserve	-	27,686
Student Activity (Fiduciary - Custodial Fund)	76	5,670
Property Rentals (Other Enterprise)	25,147	-
Student Body (Other Governmental)	-	1,252
	\$ 64,140	\$ 64,140

The Capital Reserve Fund, Student Activity Fund, Student Body Fund, and Food Service Fund owe the General Fund for capital and operational expenditures that were paid on behalf of these funds. The General Fund owes the Property Rentals Fund, Food Service and the Student Activity Fund for expenditures that were paid on behalf of these funds.

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

Funds	Transfers In	Transfers Out
General	\$ -	\$ 3,818,349
Capital Reserve	3,810,000	-
Food Service	8,349	-
	\$ 3,818,349	\$ 3,818,349

Transfers are substantially for purposes of subsidizing operating functions and funding capital projects and asset acquisitions. For the year ended June 30, 2021, amounts were transferred from the General Fund to the Capital Reserve Fund to fund various future improvements and acquisitions. There was also a transfer to the Food Service Fund as a result of employee benefits funded by the General Fund.

NOTE 6 INTERGOVERNMENTAL RECEIVABLES

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

		Governmental Funds	Enterprise Funds
State:	Social Security	\$ 419,206	\$ -
	Retirement	1,989,924	-
	Grants/subsidies	-	2,127
Federal:	Grants/subsidies	2,743,132	54,523
		\$ 5,152,262	\$ 56,650

CARLISLE AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 7 CAPITAL ASSETS

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

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities				
Cost				
Assets not being depreciated				
Land	\$ 1,800,459	\$ -	\$ -	\$ 1,800,459
Construction in progress	1,057,326	466,400	(1,299,009)	224,717
Assets being depreciated				
Site improvements	9,421,416	338,584	-	9,760,000
Buildings and improvements	143,342,920	1,217,373	-	144,560,293
Equipment, furniture, and fixtures	<u>21,436,242</u>	<u>778,532</u>	<u>(246,898)</u>	<u>21,967,876</u>
Total cost	<u>177,058,363</u>	<u>2,800,889</u>	<u>(1,545,907)</u>	<u>178,313,345</u>
Less accumulated depreciation				
Site improvements	(4,429,466)	(420,303)	-	(4,849,769)
Buildings and improvements	(57,747,733)	(3,493,117)	-	(61,240,850)
Equipment, furniture, and fixtures	<u>(17,371,965)</u>	<u>(1,179,849)</u>	<u>246,898</u>	<u>(18,304,916)</u>
Total accumulated depreciation	<u>(79,549,164)</u>	<u>(5,093,269)</u>	<u>246,898</u>	<u>(84,395,535)</u>
Capital assets, net	<u>\$ 97,509,199</u>	<u>\$ (2,292,380)</u>	<u>\$ (1,299,009)</u>	<u>\$ 93,917,810</u>
Business-Type Activities				
Cost				
Assets not being depreciated				
Land	\$ 153,900	\$ -	\$ -	\$ 153,900
Assets being depreciated				
Site improvements	45,840	-	-	45,840
Buildings and improvements	856,267	-	-	856,267
Equipment, furniture, and fixtures	<u>2,601,862</u>	<u>20,719</u>	<u>-</u>	<u>2,622,581</u>
Total cost	<u>3,657,869</u>	<u>20,719</u>	<u>-</u>	<u>3,678,588</u>
Less accumulated depreciation				
Site improvements	(20,298)	(2,630)	-	(22,928)
Buildings and improvements	(670,727)	(34,684)	-	(705,411)
Equipment, furniture, and fixtures	<u>(2,493,045)</u>	<u>(37,220)</u>	<u>-</u>	<u>(2,530,265)</u>
Total accumulated depreciation	<u>(3,184,070)</u>	<u>(74,534)</u>	<u>-</u>	<u>(3,258,604)</u>
Capital assets, net	<u>\$ 473,799</u>	<u>\$ (53,815)</u>	<u>\$ -</u>	<u>\$ 419,984</u>

CARLISLE AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 7 CAPITAL ASSETS (CONTINUED)

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

Governmental Activities

Instruction	\$ 3,254,399
Instructional student support	457,445
Administrative and financial support services	672,253
Operation and maintenance of plant services	416,920
Pupil transportation	216,715
Student activities	74,976
Community services	561
	<u>\$ 5,093,269</u>

Business-Type Activities

Food service	\$ 37,220
Property rental	37,314
	<u>\$ 74,534</u>

NOTE 8 ACCRUED SALARIES AND BENEFITS/WITHHOLDINGS

Accrued salaries, benefits, and withholdings consist of the following as of June 30, 2021:

General Fund

Accrued salaries	\$ 3,342,916
Accrued benefits	53,046
Retirement	3,759,890
Social security	243,570
	<u>\$ 7,399,422</u>

CARLISLE AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 9 LONG-TERM LIABILITIES

The changes in long-term liabilities during the year ended June 30, 2021 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Long-term Portion
Governmental Activities						
Bonds						
(A) Series of 2012B Bonds	\$ 1,530,000	\$ -	\$ (825,000)	\$ 705,000	\$ 705,000	\$ -
(B) Series of 2014 Bonds	1,480,000	-	(1,480,000)	-	-	-
(C) Series of 2015A Bonds	5,030,000	-	(2,185,000)	2,845,000	2,845,000	-
(D) Series of 2016 Bonds	1,970,000	-	(265,000)	1,705,000	270,000	1,435,000
(E) Series of 2017 Bonds	25,485,000	-	(170,000)	25,315,000	170,000	25,145,000
(G) Series of 2019 Bonds	2,790,000	-	(45,000)	2,745,000	105,000	2,640,000
Direct Borrowing						
(F) Series of 2018 Note Unamortized bond premium/(discount)	6,450,000 3,190,910	-	(557,589)	5,910,000 2,633,321	1,525,000 514,470	4,385,000 2,118,851
Subtotal - bonds/payable	<u>47,925,910</u>	<u>-</u>	<u>(6,067,589)</u>	<u>41,858,321</u>	<u>6,134,470</u>	<u>35,723,851</u>
Compensated absences/ retirement stipend						
Sick leave	753,480	363,699	(448,931)	668,248	89,031	579,217
Vacation	227,180	323,287	(417,724)	132,743	13,274	119,469
Retirement stipend	687,500	30,251	(52,250)	665,501	54,083	611,418
Subtotal - compensated absences/retirement stipend	<u>1,668,160</u>	<u>717,237</u>	<u>(918,905)</u>	<u>1,466,492</u>	<u>156,388</u>	<u>1,310,104</u>
Capital leases	-	444,837	(44,484)	400,353	88,967	311,386
Total long-term liabilities	<u>\$ 49,594,070</u>	<u>\$ 1,162,074</u>	<u>\$ (7,030,978)</u>	<u>\$ 43,725,166</u>	<u>\$ 6,379,825</u>	<u>\$ 37,345,341</u>
Business-Type Activities						
Compensated absences:						
Sick leave	\$ 2,249	\$ 2,129	\$ -	\$ 4,378	\$ 438	\$ 3,940
Vacation	1,607	1,674	(2,156)	1,125	112	1,013
Total long-term liabilities	<u>\$ 3,856</u>	<u>\$ 3,803</u>	<u>\$ (2,156)</u>	<u>\$ 5,503</u>	<u>\$ 550</u>	<u>\$ 4,953</u>

Bonds and Notes

- (A) On June 1, 2012, the School District issued general obligation bonds Series of 2012B in the amount of \$ 2,805,000. The proceeds were used to refinance the Series of 2007 bonds. The bonds are due in varying amounts on March 1 and September 1, 2012 to 2022. The bonds bear interest at rates ranging from 1.50% to 2.00%.
- (B) On July 22, 2014, the School District issued \$ 9,620,000 of General Obligation Bonds, Series 2014. The purpose of the issuance was to refund the School District's 2009B Bonds, to fund a portion of the costs and expenses of the Crestview Elementary Project and pay the costs of the issuance of the bonds. The bonds were due in varying amounts semi-annually on March 1 and September 1 with principal maturing March 1, 2021. The bonds were paid in full during the current fiscal year.
- (C) On January 5, 2015, the School District issued \$ 6,965,000 of General Obligation Bonds, Series 2015A. The purpose of the issuance was to refund the School District's 2005 Bonds, to fund a portion of the costs and expenses of the Crestview Elementary Project, fund various capital projects, and pay the costs of the issuance of the bonds. The bonds are due in varying amounts semi-annually on March 1 and September 1 with principal maturing March 1, 2022. The bonds bear interest at rates ranging from 2.00% to 3.00%.

CARLISLE AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 9 LONG-TERM LIABILITIES (CONTINUED)

Bonds and Notes (Continued)

- (D) On July 7, 2016, the School District issued \$ 3,000,000 of General Obligation Bonds, Series of 2016. The purpose of the issuance was to fund a portion of the costs and expenses of the Hamilton Elementary School Project, fund various capital projects, and pay the costs of the issuance of the bonds. The bonds are due in varying amounts semi-annually on March 1 and September 1 with principal maturing March 1, 2027. The bonds bear interest at rates ranging from 0.75% to 2.10%.
- (E) On February 16, 2017, the School District issued \$ 25,915,000 of General Obligation Bonds, Series of 2017. The purpose of the issuance was used to advance refund the Series of 2011 bonds, fund various capital projects, and pay the costs of the issuance of the bonds. The bonds are due in varying amounts semi-annually on March 1 and September 1, with principal maturing September 1, 2026. The bonds bear interest at rates ranging from 2.00% to 5.00%. The defeased balance of the Series of 2011 General Obligation Bonds at June 30, 2021 was \$ 25,245,000.
- (F) On January 4, 2018, the School District issued \$ 6,985,000 of General Obligation Note, Series of 2018. The purpose of this issuance was to refund a portion of Series A of 2012 bonds. The note is due in varying amounts semi-annually on March 1 and September 1, with principal maturing on March 1, 2023. The note bears interest at a fixed rate of 1.90%.
- (G) On December 30, 2019, the School District issued \$ 2,840,000 of General Obligation Bonds, Series of 2019. The purpose of the issuance was to refund all of Series B of 2015 bonds and pay the costs of issuing the bonds. The bonds are due in varying amounts semi-annually on March 1 and September 1, with principal maturing on March 1, 2028. The bonds bear interest at rates ranging from 1.5% to 2%.

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

CARLISLE AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 9 LONG-TERM LIABILITIES (CONTINUED)

The annual debt requirements for future general obligation bonds and notes as of June 30, 2021 are as follows:

	Bonds			
	Series of 2012B		Series of 2015A	
	Principal	Interest	Principal	Interest
2022	\$ 705,000	\$ 7,050	\$ 2,845,000	\$ 65,435
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027 - 2028	-	-	-	-
	<u>\$ 705,000</u>	<u>\$ 7,050</u>	<u>\$ 2,845,000</u>	<u>\$ 65,435</u>

	Bonds					
	Series of 2016		Series of 2017		Series of 2019	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 270,000	\$ 34,400	\$ 170,000	\$ 1,235,600	\$ 105,000	\$ 54,327
2023	275,000	29,000	935,000	1,219,025	25,000	52,700
2024	280,000	23,500	5,845,000	1,058,875	40,000	52,300
2025	285,000	17,900	6,145,000	761,875	45,000	51,500
2026	295,000	12,200	6,460,000	449,500	40,000	50,600
2027 - 2028	300,000	6,300	5,760,000	144,000	2,490,000	81,800
	<u>\$ 1,705,000</u>	<u>\$ 123,300</u>	<u>\$ 25,315,000</u>	<u>\$ 4,868,875</u>	<u>\$ 2,745,000</u>	<u>\$ 343,227</u>

	Direct Borrowing			
	Series of 2018		Totals	
	Principal	Interest	Principal	Interest
2022	\$ 1,525,000	\$ 112,290	\$ 5,620,000	\$ 1,509,102
2023	4,385,000	83,315	5,620,000	1,384,040
2024	-	-	6,165,000	1,134,675
2025	-	-	6,475,000	831,275
2026	-	-	6,795,000	512,300
2027 - 2028	-	-	8,550,000	232,100
	<u>\$ 5,910,000</u>	<u>\$ 195,605</u>	<u>\$ 39,225,000</u>	<u>\$ 5,603,492</u>

CARLISLE AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 9 LONG-TERM LIABILITIES (CONTINUED)

Capital Leases

The School District is financing the purchase of copiers through capital leases with vendors. At June 30, 2021, the leased assets have a gross capitalized value of \$ 444,837 and accumulated amortization of \$ 44,484, leaving a net book value of \$ 400,353 that is included in capital assets. Amortization expense of \$ 44,484 is included in depreciation expense. The aggregate amount of future payments required on capital leases at June 30, 2021 is as follows:

Year Ending June 30	
2022	\$ 88,967
2023	88,967
2024	88,967
2025	88,967
2026	44,485
	<u>\$ 400,353</u>

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS

Plan Descriptions and Benefits Provided

School District Plan

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

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

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

PSERS

In addition to other postemployment benefits detailed above, the Public School Employees' Retirement System (PSERS) also provides a health insurance premium assistance program for all eligible employees, which is a governmental cost-sharing multiple employer defined benefit plan. Employer contribution rates for premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of premium assistance benefits for each succeeding year. Effective January 1, 2022 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$ 100 per month or their out-of-pocket monthly health insurance premium. To

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Plan Descriptions and Benefits Provided (Continued)

PSERS (Continued)

premium assistance, eligible retirees must obtain their health insurance through either their school employers or the PSERS' health options program. Healthcare cost trends were applied to retirees receiving less than \$ 1,200 in annual premium assistance. The annual premium assistance reimbursement for qualifying retirees is capped at a maximum of \$ 1,200. As of June 30, 2020, there were no assumed future benefit increases to participating eligible retirees.

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

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

Plan Membership

School District Plan

Membership in the School District's plan consisted of the following at July 1, 2019, the date of the latest actuarial valuation:

Active participants	455
Vested former participants	0
Retired participants	<u>149</u>
Total	<u>604</u>

Contributions

PSERS

The School District's contractually required contribution rate for the fiscal year ended June 30, 2021 was 0.82% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year with an additional amount to finance the unfunded accrued liability. Contributions to the OPEB plan from the employer were \$ 245,921 for the year ended June 30, 2021.

CARLISLE AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

School District Plan

The School District’s total OPEB liability was measured as of June 30, 2021, and the total OPEB liability was determined by rolling forward the total liability from July 1, 2020 to July 1, 2021 based on actuarial valuation as of July 1, 2019, which was based on census information as of February 2020. The plan has no assets that are accumulated in a trust that meets the criteria established in GASB Statement No. 75. At June 30, 2021, the School District reported a total OPEB liability of \$ 3,415,740.

For the year ended June 30, 2021, the School District recognized OPEB expense of \$ 137,336.

PSERS

At June 30, 2021, the School District reported a liability of \$ 4,444,554 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System’s total OPEB liability as of June 30, 2019 to June 30, 2020. The School District’s proportionate of the net OPEB liability was calculated utilizing the employer’s one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2021, the School District’s proportionate was 0.2057 percent, which was a decrease of 0.0117 percent from its proportionate measured as of June 30, 2020.

For the year ended June 30, 2021, the School District recognized OPEB expense of \$ 168,459.

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

	Total OPEB/ Net OPEB Liability	OPEB Expense
School District Plan	\$ 3,415,740	\$ 137,336
PSERS	4,444,554	168,459
Total	<u>\$ 7,860,294</u>	<u>\$ 305,795</u>

CARLISLE AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Changes in the Total OPEB Liability

School District Plan

	Total OPEB Liability
Beginning Balance	\$ 2,863,953
Changes for the year:	
Service cost	215,026
Interest	100,909
Difference between expected and actual experience	-
Changes in assumptions	375,682
Benefit payments	<u>(139,830)</u>
Net changes	<u>551,787</u>
Ending Balance	<u>\$ 3,415,740</u>

At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	School District Plan		PSERS		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 347,405	\$ 719,382	\$ 41,000	\$ -	\$ 388,405	\$ 719,382
Changes in assumptions	389,478	66,867	181,000	98,000	570,478	164,867
Net difference between projected and actual investment earnings	-	-	8,000	-	8,000	-
Changes in proportions - plan	-	-	-	316,000	-	316,000
Change in proportion - fund	-	-	2,670	2,670	2,670	2,670
Difference between employer contributions and proportionate share of total contributions	-	-	8,376	-	8,376	-
Benefit payments/contributions subsequent to the measurement date	147,994	-	236,950	-	384,944	-
	<u>\$ 884,877</u>	<u>\$ 786,249</u>	<u>\$ 477,996</u>	<u>\$ 416,670</u>	<u>\$ 1,362,873</u>	<u>\$ 1,202,919</u>

The amount of \$ 384,944 is reported as deferred outflows of resources related to OPEB resulting from School District benefit payments/contributions subsequent to the measurement date and will be recognized as a reduction in the total/net OPEB liability in the year ended June 30, 2021 related to the School District and PSERS plans. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year ended June 30	School District Plan	PSERS	Total
2022	\$ (30,605)	\$ (45,269)	\$ (75,874)
2023	(30,605)	(46,269)	(76,874)
2024	(30,605)	(47,269)	(77,874)
2025	(30,605)	(5,817)	(36,422)
2026	(30,605)	(10,000)	(40,605)
Thereafter	<u>103,659</u>	<u>(21,000)</u>	<u>82,659</u>
Total	<u>\$ (49,366)</u>	<u>\$ (175,624)</u>	<u>\$ (224,990)</u>

CARLISLE AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions

School District Plan

The total OPEB liability was determined by an actuarial valuation as of July 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

PSERS

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

	School District Plan	PSERS
Actuarial Cost Method	Entry age normal	Entry age normal – level % of pay.
Investment Rate of Return	1.86% - S&P 20 year high grade municipal bond rate.	2.66% - S&P 20 year municipal bond rate.
Salary	An assumption for salary increase is used for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of a 2.5% cost of living adjustment, 1% real wage growth, and for teachers and administrators a merit increase which varies by age from 2.75% to 0%.	Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
Mortality	Separate rates are assumed preretirement and postretirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation. Incorporated into the table are rates projected generationally by the Buck Modified 2016 projection scale to reflect mortality improvement.	Based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.
Percentage of Eligible Employees Electing Coverage in Plan	50% of employees are assumed to elect coverage at retirement.	Eligible retirees will elect to participate pre-age 65 at 50% and eligible retirees will elect to participate post-age 65 at 70%.
Health Care Cost Trend Rate	5.5% in 2020 through 2023. Rates gradually decrease from 5.4% in 2024 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.	Applied to retirees with less than \$ 1,200 in premium assistance per year. Benefit is capped at \$ 1,200 per year.

CARLISLE AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

PSERS (Continued)

(Continued)	School District Plan	PSERS
Per Capita Claims Cost	The per capita claims cost for medical and prescription drug is based on the expected portion of the group's overall cost attributed to individuals in the specified age and gender brackets. The resulting costs are as follows: age 45-49, \$ 6,438 for males and \$ 9,297 for females; 50-54, \$ 8,526 for males and \$ 10,508 for females; 55-59, \$ 10,384 for males and \$ 10,995 for females; and 60-64, \$ 13,551 for males and \$ 12,631 for females.	N/A

PSERS

Investment Rate

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

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

<u>OPEB - Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	50.3%	(1.0)%
US Core Fixed Income	46.5%	(0.1)%
Non-US Developed Fixed	<u>3.2%</u>	(0.1)%
	<u>100.0%</u>	

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

CARLISLE AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Discount Rate

The discount rate used to measure the total OPEB liability was 1.86% and 2.66% for the School District's Plan and PSERS, respectively. The School District Plan is not funded, therefore, the S&P 20 year high grade municipal bond rate of 1.86% as of July 1, 2020 is applicable discount rate. Under the PSERS plan's funding policy, contributions are structured for short term funding of premium assistance. The funding policy sets contribution rates necessary to assure solvency of premium assistance through the third fiscal year after the actuarial valuation date. The premium assistance account is funded to establish reserves that are sufficient for the payment of premium assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB's plan fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 2.66% which represents the S&P 20 year municipal bond rate at June 30, 2020, was applied to all projected benefit payments to measure the total OPEB liability.

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

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

	1% Decrease 0.86%	Current Discount Rate 1.86%	1% Increase 2.86%
School District Plan - Total OPEB liability	\$ 3,671,672	\$ 3,415,740	\$ 3,172,873

	1% Decrease 1.66%	Current Discount Rate 2.66%	1% Increase 3.66%
PSERS - School District's proportionate share of the net OPEB liability	\$ 5,067,000	\$ 4,444,554	\$ 3,929,000

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

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

School District Plan

	1% Decrease (4.5% decreasing to 3.0%)	Healthcare Cost Trend Rate (5.5% decreasing to 4.0%)	1% Increase (6.5% decreasing to 5.0%)
School District Plan - Total OPEB Liability	\$ 2,980,325	\$ 3,415,740	\$ 3,940,297

CARLISLE AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

PSERS

	1% Decrease (Between 4% to 6.50%)	Healthcare Cost Trend Rate (Between 5% to 7.50%)	1% Increase (Between 6% to 8.50%)
PSERS - School District's proportionate share of the net OPEB liability	\$ 4,444,000	\$ 4,444,554	\$ 4,445,000

OPEB Plan Fiduciary Net Position

PSERS

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

Payables to the OPEB Plan

School District Plan

As of June 30, 2021, the School District had no amounts payable to the School District OPEB Plan.

PSERS

As of June 30, 2021, the School District had \$ 89,339 included in accrued salaries and benefits liability, of which \$ 62,353 is for the contractually required contribution for the second quarter of 2021 and \$ 26,986 is related to the accrued payroll liability for wages incurred as of June 30, 2021.

NOTE 11 PENSION PLAN

General Information About the Pension Plan

Plan Description

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

Benefits Provided

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

NOTE 11 PENSION PLAN

General Information About the Pension Plan (Continued)

Benefits Provided (Continued)

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

Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined by the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the rights to benefits is vested after ten years of service.

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

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

Defined benefits for T-G and T-H are 1.25% of 1.00%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. A members' right to a defined benefit is vested in 10 years.

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

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

NOTE 11 PENSION PLAN (CONTINUED)

General Information About the Pension Plan (Continued)

Contributions

Member contributions:

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

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

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

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

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

Employer Contributions:

The School District's contractually required contribution rate for fiscal year ended June 30, 2021 was 33.69% of covered payroll. This is actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School District recognized as revenue by the defined benefit pension plan were \$ 10,066,418 for the year ended June 30, 2021. In addition, the School District's contribution to the defined contribution plan was \$ 37,325 for the year ended June 30, 2021.

State Funding:

The Commonwealth of Pennsylvania generally reimburses the School District for 50%-60% of its retirement expense. This arrangement does not meet the criteria of a special funding situation in accordance with GASB standards. Therefore, the net pension liabilities and related pension expense represent 100% of the School District's share of these amounts.

During the year ended June 30, 2021, the School District recognized revenue of \$ 5,600,219 as reimbursement for its current year pension payments.

CARLISLE AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 11 PENSION PLAN (CONTINUED)

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

At June 30, 2021, the School District reported a liability of \$ 101,333,895 in the Statement of Net Position for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System’s total pension liability as of June 30, 2019 to June 30, 2020. The School District’s proportion of the net pension liability was calculated utilizing the employer’s one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2020, the School District’s proportion was 0.2058 percent, which was a decrease of 0.0116 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the School District recognized pension expense of \$ 7,142,641.

At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 265,000	\$ 2,429,000
Changes in assumptions	-	-
Net difference between projected and actual investment earnings	4,454,000	-
Changes in proportionate share - plan	-	5,289,000
Changes in proportionate share - fund	33,889	33,889
Difference between employer contributions and proportionate share of total contributions	131,843	-
Contributions subsequent to the measurement date	<u>10,170,035</u>	<u>-</u>
	<u>\$ 15,054,767</u>	<u>\$ 7,751,889</u>

The \$ 10,170,035 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ (2,818,396)
2023	(1,319,860)
2024	(50,901)
2025	<u>1,322,000</u>
Total	<u>\$ (2,867,157)</u>

NOTE 11 PENSION PLAN (CONTINUED)

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

Actuarial Assumptions

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

- Actuarial cost method – Entry Age Normal – level percent of pay.
- Investment rate of return – 7.25%, includes inflation at 2.75%.
- Salary growth – effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit and seniority increases.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

The actuarial assumptions used in the June 30, 2020 valuation were based on the experience study that was performed for the five-year period ending June 30, 2015.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public entity	15.0%	5.2%
Private equity	15.0%	7.2%
Fixed income	36.0%	1.1%
Commodities	8.0%	1.8%
Absolute return	10.0%	2.5%
Infrastructure/MLPs	6.0%	5.7%
Real estate	10.0%	5.5%
Risk parity	8.0%	3.3%
Cash	6.0%	(1.0%)
Financing (LIBOR)	(14.0%)	(0.7%)
	<u>100%</u>	

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

CARLISLE AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 11 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 7.25%. 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.

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

	1% Decrease	Current	1% Increase
	6.25%	7.25%	8.25%
District’s proportionate share of the net pension liability	<u>\$ 125,371,000</u>	<u>\$ 101,333,895</u>	<u>\$ 80,971,000</u>

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

As of June 30, 2021, the School District had \$ 3,670,551 included in accrued salaries and benefits liability, of which \$ 2,561,794 is for the contractually required contribution for the second quarter of 2021 and \$ 1,108,757 is related to the accrued payroll liability for wages incurred as of June 30, 2021.

NOTE 12 AFFILIATES

As explained in Note 1, the Carlisle Area School District is affiliated with the Harrisburg Area Community College (HACC). Total expenses incurred for HACC during the year ended June 30, 2021 were \$ 200,770.

CARLISLE AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 13 COMMITMENTS AND CONTINGENCIES

The School District is subject to real estate tax assessment appeals on an ongoing basis. If tax appeals are successful, the result is a loss of tax revenue to the School District. It is anticipated that any material loss of tax revenue on individual tax appeals will be offset with additional revenues from other properties or other sources of revenue and would not create a financial hardship to the School District.

The School District is involved with various potential lawsuits in the normal course of operations. In most cases, management cannot predict the outcome of the lawsuits or estimate the amount of any loss that may result. Management believes that losses resulting from these matters, if any, would be substantially covered under the School District's professional liability insurance policy and would not have a material effect on the financial position of the School District.

The School District participates in numerous state and federal programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School District has not complied with rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2021 may be impaired. In the opinion of the School District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

NOTE 14 RISK MANAGEMENT - INSURANCE

The School District's risk management activities are recorded in the general, food service, and internal service funds and are related to administering employee life, health, and disability, property and liability, worker's compensation, and unemployment insurance programs. The School District's risk management activities do not constitute a transfer of risk from the School District. Settlement amounts have not exceeded insurance coverage for the current year or three prior years.

Significant losses are covered by commercial insurance for all major programs except workers' compensation and health insurance.

On July 1, 1995, the School District established the South Central Region School Employees Benefit and Welfare Trust (the Trust), a public entity risk pool, to provide its employees medical and dental insurance. The member school districts of the Trust elect trustees to manage it, but the risk is not shared among all members. At June 30, 2021, there were ten member school districts in the Trust. The School District uses a "claim-based" funding plan for medical insurance. Under this plan, the School District pays the Trust based on actual claims paid, or in essence, self-insures. The School District utilizes an internal service fund to account for the revenues and expenses of the program.

CARLISLE AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 14 RISK MANAGEMENT - INSURANCE (CONTINUED)

Payments are made from the general fund and food service fund to the internal service fund based on an estimate of expected claims established by the insurance carrier at the beginning of the year. Premiums charged in excess of claims paid and administrative costs are deposited in a rate-stabilization fund for the School District. Since the School District is responsible for its own risk, additional assessments would be charged to make up any deficiencies in this fund related to the School District; thus, this functions like a retrospectively rated program. The balance remaining in the rate-stabilization fund held by the Trust is considered a prepaid expense within the internal service fund. Provisions are in effect by the Trust to refund any excess monies should the School District withdraw or the Trust be dissolved. The School District maintains stop loss coverage for claims greater than \$ 250,000 individually and has an unlimited lifetime benefit per person.

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

Year Ended June 30	Liability Beginning	Current Year Expense (including Changes in Estimate)	Payments	Liability Ending
2021	\$ 432,720	\$ 5,763,980	\$ 5,646,481	\$ 550,219

The ending liability consists of incurred but not reported (IBNR) claims as of June 30, 2021. The IBNR was estimated based on actual claims incurred prior to June 30, 2021, but paid after year end. The ending liability above is netted with prepaid expenses within the Medical Insurance Fund. The liability details are not shown for the year ended June 30, 2020, due to the restatement, as detailed in Note 15.

NOTE 15 RESTATEMENTS

IBNR claims in the Medical Insurance fund were restated to account for the actual claims incurred. The School District also implemented a new standard requiring a restatement of previously reported liabilities as net position. A restatement was made to restate the beginning balances as follows:

	Medical Insurance Fund	Other Governmental Funds	Custodial Funds	Governmental Activities
Fund balance/net position as of June 30, 2020, as originally stated	\$ 5,031,896	\$ 4,859,835	\$ -	\$ (9,552,463)
Correction of IBNR	(435,652)			\$ (435,652)
Implementation of GASB 84	-	3,824	102,986	3,824
Fund balance/net position as of June 30, 2020, as restated	<u>\$ 4,596,244</u>	<u>\$ 4,863,659</u>	<u>\$ 102,986</u>	<u>\$ (9,984,291)</u>

	Medical Insurance Fund	Other Governmental Funds	Custodial Funds	Governmental Activities
Change in fund balance/net position as of June 30, 2020, as originally stated	\$ 134,960	\$ 5,320	\$ -	\$ 8,957,160
Correction of IBNR	(435,652)	-	-	\$ (435,652)
Implementation of GASB 84	-	3,824	(11,283)	3,824
Change in fund balance/net position as of June 30, 2020, as restated	<u>\$ (300,692)</u>	<u>\$ 9,144</u>	<u>\$ (11,283)</u>	<u>\$ 8,525,332</u>

REQUIRED SUPPLEMENTARY INFORMATION

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

For the Fiscal Year Ended June 30	School District's Proportion of the Net Pension Liability (Asset)	School District's Proportionate Share of the Net Pension Liability (Asset)	School District's Covered Payroll - measurement period	School District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	0.2058%	\$ 101,333,895	\$ 28,843,151	351.33%	54.32%
2020	0.2174%	101,705,390	29,977,178	339.28%	55.66%
2019	0.2187%	104,987,000	29,449,026	356.50%	54.00%
2018	0.2229%	110,086,755	29,693,080	370.75%	51.84%
2017	0.2660%	112,295,770	29,350,454	382.60%	50.14%
2016	0.2375%	102,873,859	30,552,732	336.71%	54.36%
2015	0.2392%	94,677,075	30,521,811	310.19%	57.24%

NOTES

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

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

Changes in Actuarial Assumptions

The following actuarial assumptions were changed during the 2017 fiscal year:

- The investment rate of return was adjusted from 7.50% to 7.25%
- The inflation assumption was decreased from 3.0% 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% for real wage growth and for merit or seniority increases.
- Mortality rates were modified from the RP-2000 Combined Health 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.

CARLISLE AREA SCHOOL DISTRICT
Schedule of School District's Contributions - Public School Employees'
Retirement System

For the Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll - Fiscal Year	Contributions as a Percentage of Covered Payroll
2021	\$ 10,066,418	\$ 10,066,418	\$ -	\$ 30,109,690	33.43%
2020	9,602,447	9,602,447	-	28,843,151	33.29%
2019	9,751,389	9,751,389	-	29,977,178	32.53%
2018	9,298,886	9,298,886	-	29,449,026	31.58%
2017	8,579,295	8,579,295	-	29,693,080	28.89%
2016	7,244,887	7,244,887	-	29,350,454	24.68%
2015	6,162,467	6,162,467	-	30,552,732	20.17%
2014	4,800,513	4,800,513	-	30,521,811	15.73%
2013	3,370,494	3,370,494	-	29,923,678	11.26%

NOTES

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

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

	2021	2020	2019	2018
Total OPEB liability - School District Plan				
Service cost	\$ 215,026	\$ 192,577	\$ 179,975	\$ 235,299
Interest	100,909	74,192	72,422	81,125
Differences between expected and actual experience	-	424,606	-	(1,130,457)
Changes in assumptions	375,682	(81,726)	786	74,450
Benefit payments	<u>(139,830)</u>	<u>(93,348)</u>	<u>(85,881)</u>	<u>(224,300)</u>
Net change in total OPEB liability	551,787	516,301	167,302	(963,883)
Total OPEB liability - beginning	<u>2,863,953</u>	<u>2,347,652</u>	<u>2,180,350</u>	<u>3,144,233</u>
Total OPEB liability - ending	<u>\$ 3,415,740</u>	<u>\$ 2,863,953</u>	<u>\$ 2,347,652</u>	<u>\$ 2,180,350</u>
Covered employee payroll	N/A	\$ 26,725,321	N/A	\$ 29,132,167
Total OPEB liability as a percentage of covered employee payroll	N/A	10.72%	N/A	7.48%

NOTES

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

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

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

For the Fiscal Year Ended June 30	School District's Proportion of the Net OPEB Liability (Asset)	School District's Proportionate Share of the Net OPEB Liability (Asset)	School District's Covered Payroll - measurement period	School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2021	0.2057%	\$ 4,444,554	\$ 28,843,151	15.41%	5.69%
2020	0.2174%	4,623,755	29,977,178	15.42%	5.56%
2019	0.2187%	4,559,992	29,449,026	15.48%	5.56%
2018	0.2229%	4,541,391	29,693,080	15.29%	5.47%

NOTES

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

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

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

For the Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll - Fiscal Year	Contributions as a Percentage of Covered Employee Payroll
2021	\$ 245,921	\$ 245,921	\$ -	\$ 30,109,690	0.82%
2020	241,520	241,520	-	28,843,151	0.84%
2019	250,347	250,347	-	29,977,178	0.84%
2018	243,636	243,636	-	29,449,026	0.83%

NOTES

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

OTHER SUPPLEMENTARY INFORMATION

CARLISLE AREA SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Grantor Program Title	Source Code	Federal CFDA Number	Pass Through Grantor's Number	Grant Period Beginning/Ending Date	Program or Award Amount	Total Received for the Year	Receivable (Unearned) at July 1, 2019	Revenue Recognized	Expenditures Recognized	Receivable (Unearned) at June 30, 2021	Total Passed-Through to Subrecipients
U.S. Department of Education											
Impact Aid	D	84.041	N/A	July 1, 2020 - June 30, 2021	\$ 447,699	\$ 447,699	\$ -	\$ 447,699	\$ 447,699	\$ -	\$ -
Total direct funds						447,699	-	447,699	447,699	-	-
Passed through the Pennsylvania Department of Education											
ESEA Title I Improving Basic Programs	I	84.010	013-21-0063	July 1, 2020 - September 30, 2021	919,432	727,827	-	867,425	867,425	139,598	-
ESEA Title I Improving Basic Programs Title I	I	84.010	013-20-0063	July 1, 2019 - September 30, 2020	930,078	199,233	179,942	19,291	19,291	-	-
						927,060	179,942	886,716	886,716	139,598	-
ESEA Title II Improving Teacher Quality	I	84.367	020-21-0063	July 1, 2020 - September 30, 2021	160,223	162,005	-	156,744	156,744	(5,261)	-
ESEA Title II Improving Teacher Quality Title II	I	84.367	020-20-0063	July 1, 2019 - September 30, 2020	164,378	(755)	(919)	81	81	(83)	-
						161,250	(919)	156,825	156,825	(5,344)	-
ESEA Title III Language Instruction Title III	I	84.365	010-21-0063	July 1, 2020 - September 30, 2021	52,532	48,780	-	51,652	51,652	2,872	-
						48,780	-	51,652	51,652	2,872	-
ESEA Title IV Student Support & Academic Enrichment	I	84.424	144-21-0063	July 1, 2020 - September 30, 2021	70,536	50,383	-	60,920	60,920	10,537	-
ESEA Title IV Student Support & Academic Enrichment Title IV	I	84.424	144-20-0063	July 1, 2019 - September 30, 2020	70,799	25,287	(1,924)	27,211	27,211	-	-
						75,670	(1,924)	88,131	88,131	10,537	-
Secondary Allocation - Perkins Perkins	I	84.048	380-21-0106	July 1, 2020 - September 30, 2021	68,590	68,590	-	68,590	68,590	-	-
						68,590	-	68,590	68,590	-	-
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER I)	I	84.425D	200-20-0063	March 13, 2020 - September 30, 2022	763,914	53,296	-	756,572	756,572	703,276	-
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER II)	I	84.425D	200-21-0063	March 13, 2020 - September 30, 2023	3,395,176	-	-	1,723,242	1,723,242	1,723,242	-
COVID-19 - SECIM (Special Education Impact Mitigation)	I	84.425D	252-20-0063	March 13, 2020 - September 30, 2021	39,787	20,941	-	39,787	39,787	18,846	-
						74,237	-	2,519,601	2,519,601	2,445,364	-
Passed through Pennsylvania Commission on Crime and Delinquency											
COVID-19 - Disaster Emergency Health and Safety (ESSER)	I	84.425D	2020-ES-01-35549	March 13, 2020 - September 30, 2022	158,148	-	-	144,760	144,760	144,760	-
Education Stabilization Fund						74,237	-	2,664,361	2,664,361	2,590,124	-
Total - Pennsylvania Department of Education						1,355,587	177,099	3,916,275	3,916,275	2,737,787	-
Passed through Capital Area Intermediate Unit											
I.D.E.A.	I	84.027	N/A	July 1, 2020 - June 30, 2021	895,194	895,194	-	895,194	895,194	-	-
I.D.E.A.	I	84.173	N/A	July 1, 2020 - June 30, 2021	5,824	5,824	-	5,824	5,824	-	-
Total Special Education Cluster						901,018	-	901,018	901,018	-	-
Total - Capital Area Intermediate Unit						901,018	-	901,018	901,018	-	-
Total U.S. Department of Education						\$ 2,704,304	\$ 177,099	\$ 5,264,992	\$ 5,264,992	\$ 2,737,787	\$ -

CARLISLE AREA SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2021

Grantor Program Title	Source Code	Federal CFDA Number	Pass Through Grantor's Number	Grant Period Beginning/Ending Date	Program or Award Amount	Total Received for the Year	Receivable (Unearned) at July 1, 2019	Revenue Recognized	Expenditures Recognized	Receivable (Unearned) at June 30, 2021	Total Passed-Through to Subrecipients
Department of Treasury											
Passed through Pennsylvania Commission on Crime and Delinquency											
COVID-19 CARES Act - COVID RF School Safety and Security	1	21.019	2020-CS-01-33975	March 13, 2020 - October 30, 2020	315,352	\$ 315,352	\$ -	\$ 315,352	\$ 315,352	\$ -	\$ -
Total Department of Treasury						<u>315,352</u>	<u>-</u>	<u>315,352</u>	<u>315,352</u>	<u>-</u>	<u>-</u>
U.S. Department of Agriculture											
Child Nutrition Cluster											
Passed through Pennsylvania Department of Education											
School Breakfast Program	1	10.553	N/A	July 1, 2020 - June 30, 2021	N/A	6,182	-	6,182	6,182	-	-
COVID-19 School Breakfast Program	1	10.553	N/A	July 1, 2020 - June 30, 2021	N/A	389,784	-	405,457	405,457	15,673	-
Total School Breakfast Program						<u>395,966</u>	<u>-</u>	<u>411,639</u>	<u>411,639</u>	<u>-</u>	<u>-</u>
National School Lunch Program (cash)	1	10.555	N/A	July 1, 2020 - June 30, 2021	N/A	17,735	-	17,735	17,735	-	-
COVID-19 National School Lunch Program (cash)	1	10.555	N/A	July 1, 2020 - June 30, 2021	N/A	804,272	-	843,122	843,122	38,850	-
Total National Lunch School Program						<u>822,007</u>	<u>-</u>	<u>860,857</u>	<u>860,857</u>	<u>38,850</u>	<u>-</u>
Passed through the Pennsylvania Department of Agriculture											
National School Lunch Program (commodities)	1(B)	10.555	N/A	July 1, 2020 - June 30, 2021	N/A	150,976	-	150,976	150,976	-	-
Total National School Lunch Program						<u>972,983</u>	<u>-</u>	<u>1,011,833</u>	<u>1,011,833</u>	<u>38,850</u>	<u>-</u>
Total Child Nutrition Cluster						<u>1,368,949</u>	<u>-</u>	<u>1,423,472</u>	<u>1,423,472</u>	<u>38,850</u>	<u>-</u>
Total U.S. Department of Agriculture						<u>1,368,949</u>	<u>-</u>	<u>1,423,472</u>	<u>1,423,472</u>	<u>38,850</u>	<u>-</u>
Total Expenditures of Federal Awards						<u>\$ 4,388,605</u>	<u>\$ 177,099</u>	<u>\$ 7,003,816</u>	<u>\$ 7,003,816</u>	<u>\$ 2,776,637</u>	<u>\$ -</u>

CARLISLE AREA SCHOOL DISTRICT
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

NOTE 1 REFERENCES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

(D) Direct funding

(I) Indirect funding

(B) Based on USDA valuation

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Indirect Cost Rate

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



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

Board of Directors
Carlisle Area School District
Carlisle, 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 Carlisle Area School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Carlisle Area School District's basic financial statements, and have issued our report thereon dated December 20, 2021.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

COMPLIANCE AND OTHER MATTERS

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

PURPOSE OF THIS REPORT

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

Smith Elliott Kearns + Company, LLC

Carlisle, Pennsylvania
December 20, 2021



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

Board of Directors
Carlisle Area School District
Carlisle, Pennsylvania

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited Carlisle Area School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Carlisle Area School District's major federal programs for the year ended June 30, 2021. Carlisle Area School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Carlisle Area School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Carlisle Area School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of Carlisle Area School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

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

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

Smith Elliott Kearns + Company, LLC

Carlisle, Pennsylvania
December 20, 2021

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

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

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

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

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

Identification of the major programs:

CFDA Number(s)	Name of Federal Program
84.173	Special Education Cluster:
84.027	I.D.E.A. Part B
84.425	I.D.E.A. Part B
84.425	Education Stabilization Fund
21.019	Coronavirus Relief Fund

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

Auditee qualified as low-risk auditee? Yes No

Section II - Financial Statement Findings

A. Significant Deficiencies or Material Weaknesses in Internal Control

None noted

B. Compliance Findings

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

Section III - Federal Award Findings and Questioned Costs

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

None noted

B. Compliance Findings

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



Carlisle Area School District
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Christina M. Spielbauer • Superintendent

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

Findings related to financial statements:

None.

Findings related to federal awards:

None.