

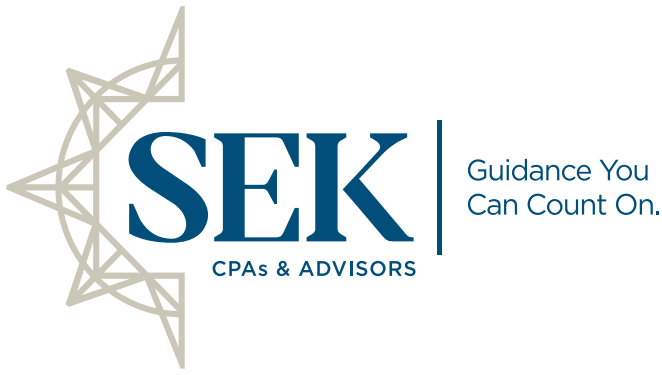
Audited
Financial
Statements

June 30,
2023



CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	4 - 14
FINANCIAL STATEMENTS	
Government-wide financial statements	
Statement of net position	15
Statement of activities	16
Fund financial statements	
Balance sheet - governmental funds	17
Reconciliation of the governmental funds balance sheet to the statement of net position	18
Statement of revenues, expenditures and changes in fund balance - governmental funds	19
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities	20
Statement of revenues, expenditures, and changes in fund balance - budget and actual - general fund	21
Statement of net position - proprietary funds	22
Statement of revenues, expenses, and changes in fund net position - proprietary funds	23
Statement of cash flows - proprietary funds	24
Statement of fiduciary net position	25
Statement of changes in fiduciary net position	26
Notes to the Financial Statements	27 - 63
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)	
Schedule of School District's Proportionate Share of Net Pension Liability - Public School Employees' Retirement System	64
Schedule of School District's Contributions - Public School Employees' Retirement System	65
Schedule of changes in the School District's total OPEB liability and related ratios - School District plan	66
Schedule of School District's proportionate share of net OPEB liability - Public School Employees' Retirement System	67
Schedule of School District's OPEB contributions - Public School Employees' Retirement System	68
OTHER SUPPLEMENTARY INFORMATION	
Schedule of expenditures of federal awards	69 - 70
Notes to schedule of expenditures of federal awards	71
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 <i>GOVERNMENT AUDITING STANDARDS</i>	72 - 73
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY <i>THE UNIFORM GUIDANCE</i>	74 - 76
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	77 - 78
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	79



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Carlisle Area School District
Carlisle, Pennsylvania

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Carlisle Area School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Carlisle Area School District, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 14 and the schedules related to the pension and OPEB liabilities on pages 64 to 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2024, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Carlisle Area School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Carlisle Area School District's internal control over financial reporting and compliance.

Smith Elliott Kearns + Company, LLC

Chambersburg, Pennsylvania
January 30, 2024

CARLISLE AREA SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
June 30, 2023

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, 2023. 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 \$ 4,031,756 from revenues of \$ 105,116,350 during 2022-23.
- The CASD decreased its governmental fund balance by \$ 641,691 from \$ 44,694,802 on June 30, 2022, to \$ 44,053,111 as of June 30, 2023.
- Government and business activities had a positive change in net position during 2022-23 of \$ 12,864,176 from \$ 18,516,141 on June 30, 2022, to \$ 31,380,317 as of June 30, 2023.

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.

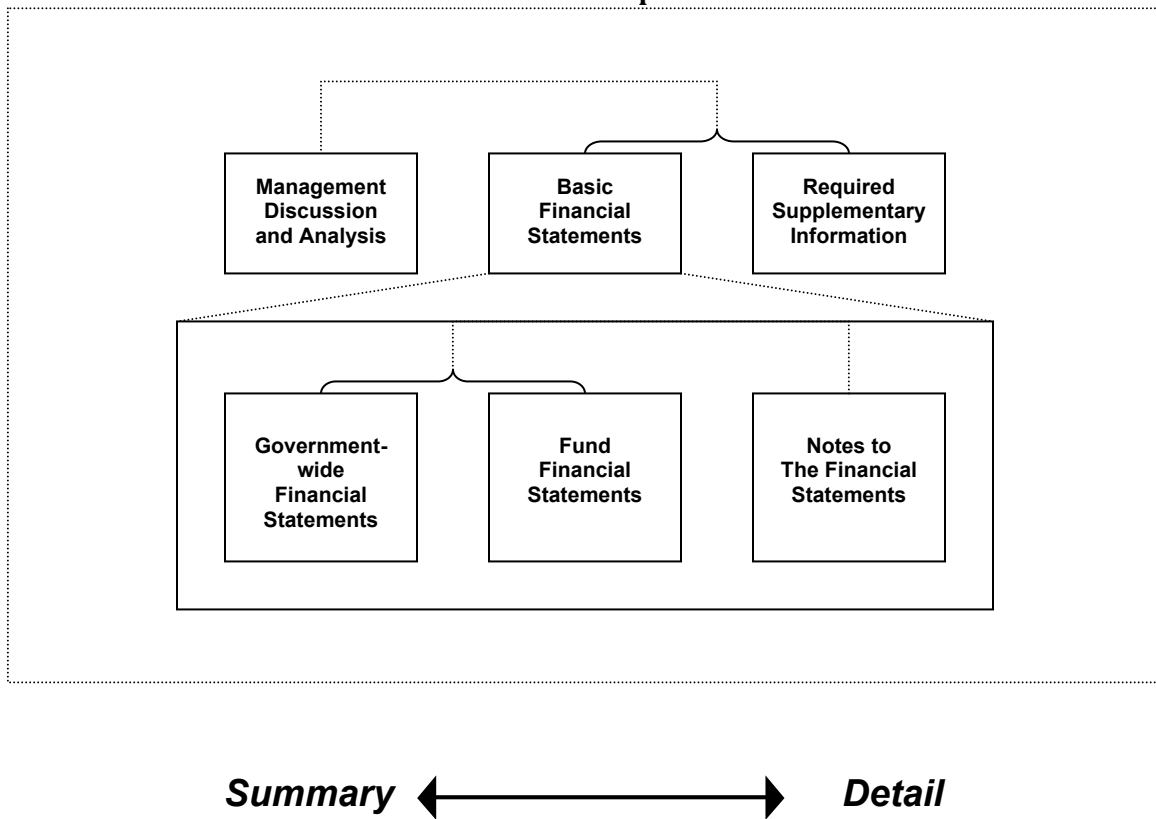
The remaining statements are fund financial statements that focus on individual parts of the School District's operations in more detail than the government-wide statements. The governmental funds statements tell how general CASD services were financed in the short-term as well as what remains for future 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, 2023

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, 2023

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, 2023

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, 2023, was \$ 31,380,317. This is an increase of \$ 12,864,176 over the \$ 18,516,141 on June 30, 2022.

Statement of Net Position

	Governmental Activities		Business-Type Activities		Totals	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Assets and Deferred Outflows of Resources						
Current and other assets	\$ 65,640,966	\$ 66,526,399	\$ 3,319,870	\$ 2,809,069	\$ 68,960,836	\$ 69,335,468 *
Capital assets	93,725,219	92,931,309	469,489	407,490	94,194,708	93,338,799
Deferred Outflows of Resources	19,756,777	20,563,393	20,951	41,377	19,777,728	20,604,770
Total Assets and Deferred Outflows of Resources	<u>\$ 179,122,962</u>	<u>\$ 180,021,101</u>	<u>\$ 3,810,310</u>	<u>\$ 3,257,936</u>	<u>\$ 182,933,272</u>	<u>\$ 183,279,037</u>
Liabilities						
Current liabilities	\$ 17,218,336	\$ 17,898,179	\$ 78,588	\$ 115,062	\$ 17,296,924	\$ 18,013,241 *
Noncurrent liabilities	127,910,312	127,353,091	98,035	137,696	128,008,347	127,490,787
Total Liabilities	145,128,648	145,251,270	176,623	252,758	145,305,271	145,504,028
Deferred Inflows of Resources	6,200,200	19,074,892	47,484	183,978	6,247,684	19,258,870
Net Position						
Net investment in capital assets	63,802,874	56,615,287	469,489	407,491	64,272,363	57,022,778
Restricted - future capital expenses	8,668,105	12,046,238	-	-	8,668,105	12,046,238
Restricted - medical insurance	9,661,266	8,578,215	-	-	9,661,266	8,578,215
Unrestricted	(54,338,131)	(61,544,800)	3,116,714	2,413,710	(51,221,417)	(59,131,090)
Total Net Position	<u>27,794,114</u>	<u>15,694,940</u>	<u>3,586,203</u>	<u>2,821,201</u>	<u>31,380,317</u>	<u>18,516,141</u>
Total Liabilities and Net Position	<u>\$ 179,122,962</u>	<u>\$ 180,021,102</u>	<u>\$ 3,810,310</u>	<u>\$ 3,257,937</u>	<u>\$ 182,933,272</u>	<u>\$ 183,279,039</u>

* Net of eliminations from internal balances.

CARLISLE AREA SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
June 30, 2023

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	\$ 459,706	\$ 980,909	\$ 1,440,615
Operating grants and contributions	20,599,547	2,863,788	23,463,335
Capital grants and contributions	873,994	-	873,994
General Revenues			
Taxes	64,831,956	-	64,831,956
Grants, subsidies, and contributions	17,716,502	-	17,716,502
Investment earnings	762,726	44,571	807,297
Miscellaneous income and sale of assets	73,790	17,020	90,810
Transfers	-	-	-
Total Revenues	105,318,221	3,906,288	109,224,509
District Expenses	93,219,047	3,141,286	96,360,333
Change in Net Position	\$ 12,099,174	\$ 765,002	\$ 12,864,176

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, 2023

Governmental and Business Activities

	Governmental Activities		Business-Type Activities		Totals	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Revenues						
Program Revenues						
Charges for services	\$ 459,706	\$ 492,091	\$ 980,909	\$ 344,444	\$ 1,440,615	\$ 836,535
Operating grants and contributions	20,599,547	17,166,803	2,863,788	3,682,609	23,463,335	20,849,412
Capital grants and contributions	873,994	989,742	-	-	873,994	989,742
General Revenues						
Taxes	64,831,956	62,632,690	-	-	64,831,956	62,632,690
Grants, subsidies, and contributions	17,716,502	15,656,410	-	-	17,716,502	15,656,410
Investment earnings	762,726	(1,436)	44,571	4,585	807,297	3,149
Miscellaneous income and sale of assets	73,790	186,213	17,020	18,295	90,810	204,508
Transfers	-	-	-	-	-	-
Total Revenue	<u>105,318,221</u>	<u>97,122,513</u>	<u>3,906,288</u>	<u>4,049,933</u>	<u>109,224,509</u>	<u>101,172,446</u>
Expenses						
Instruction	59,241,502	53,125,976	-	-	59,241,502	53,125,976
Instructional student support	9,584,751	7,844,200	-	-	9,584,751	7,844,200
Administrative and financial support	9,627,453	8,142,622	-	-	9,627,453	8,142,622
Operation of maintenance of plant services	7,362,220	6,377,499	-	-	7,362,220	6,377,499
Pupil transportation	4,707,975	4,277,768	-	-	4,707,975	4,277,768
Student activities	1,611,258	1,423,748	-	-	1,611,258	1,423,748
Community services	13,858	10,182	-	-	13,858	10,182
Interest on long-term debt	1,070,030	1,231,703	-	-	1,070,030	1,231,703
Business-type activities	-	-	3,141,286	2,916,487	3,141,286	2,916,487
Component unit - Foundation	-	-	-	-	-	-
Total Expense	<u>93,219,047</u>	<u>82,433,698</u>	<u>3,141,286</u>	<u>2,916,487</u>	<u>96,360,333</u>	<u>85,350,185</u>
Changes in Net Position	12,099,174	14,688,815	765,002	1,133,446	12,864,176	15,822,261
Net Position - Beginning	<u>15,694,940</u>	<u>1,006,125</u>	<u>2,821,201</u>	<u>1,687,755</u>	<u>18,516,141</u>	<u>2,693,880</u>
Net Position - Ending	<u>\$ 27,794,114</u>	<u>\$ 15,694,940</u>	<u>\$ 3,586,203</u>	<u>\$ 2,821,201</u>	<u>\$ 31,380,317</u>	<u>\$ 18,516,141</u>

CARLISLE AREA SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
June 30, 2023

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 Standards No. 54. Carlisle Area School District decreased its governmental fund balance by \$ 641,691 from \$ 44,694,802 on June 30, 2022, to \$ 44,053,111 as of June 30, 2022.

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

General Fund - nonspendable fund balance	\$ 48,845
General Fund - committed fund balance	1,297,990
General Fund - assigned fund balance	17,313,000
General Fund - unassigned fund balance	14,544,032
Student Activities Fund- committed fund balance	3,085
Capital Projects Fund - restricted fund balance	-
Capital Projects Fund - committed fund balance	2,178,054
Capital Reserve Fund - restricted fund balance	<u>8,668,105</u>
Total Governmental Fund Balance	<u>\$ 44,053,111</u>
Total nonspendable fund balance	\$ 48,845
Total restricted fund balance	8,668,105
Total committed fund balance	3,479,129
Total assigned fund balance	17,313,000
Total unassigned fund balance	<u>14,544,032</u>
Total Governmental Fund Balance	<u>\$ 44,053,111</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 2022-23 fiscal year, Carlisle Area School District's adjusted Act 1 Index was set at 4.4% and the Board of Directors voted to increase the property tax millage rate 2%.

It is important to note that the school district board of 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 minimal increases in education funding from the state and federal governments, and the end of the federal Elementary and Secondary School Emergency Relief (ESSER) funding, 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, 2023

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	\$ 99,990,851	\$ 105,116,350	\$ 5,125,499
Total Expenditures	<u>101,075,000</u>	<u>100,746,675</u>	<u>328,325</u>
Revenues Over/(Under) Expenditures	(1,084,149)	4,369,675	5,453,824
Other Financing Sources (Uses)	<u>-</u>	<u>(337,919)</u>	<u>(337,919)</u>
Net Change in Fund Balance	<u>\$ (1,084,149)</u>	<u>\$ 4,031,756</u>	<u>\$ 5,115,905</u>

Capital Assets

As of June 30, 2023, the School District in conducting its governmental activities had \$ 93,725,219 invested in capital assets; including land; buildings; site improvements; equipment, furniture, and fixtures; construction in process; and right-to-use-assets-equipment and IT subscriptions. This amount represents a net increase (including additions, deletions, and depreciation) of \$ 834,808 from the previous fiscal year.

Capital Assets (Net of Depreciation)

	June 30, 2023	June 30, 2022	Change
Governmental Activities			
Land	\$ 1,800,459	\$ 1,800,459	\$ -
Buildings	81,013,577	80,737,534	276,043
Site improvements	4,168,282	4,519,658	(351,376)
Equipment, furniture, and fixtures	818,874	2,612,498	(1,793,624)
Construction in process	5,549,741	2,882,703	2,667,038
Right-to-use-assets-equipment	<u>374,286</u>	<u>337,559</u>	<u>36,727</u>
Total Governmental Activities	<u>\$ 93,725,219</u>	<u>\$ 92,890,411</u>	<u>\$ 834,808</u>
Business-Type Activities			
Furniture and equipment	<u>\$ 469,489</u>	<u>\$ 407,490</u>	<u>\$ 61,999</u>

CARLISLE AREA SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
June 30, 2023

Long-Term Liabilities/Outstanding Bonds and Notes Payable

As of June 30, 2022, the CASD had total outstanding bonds and notes payable of \$ 35,723,957. During the 2022-23 fiscal year, the CASD made payments of \$ 6,128,756 resulting in a balance, as of June 30, 2023, of \$ 29,595,201. 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, 2023	June 30, 2022	Change
General Obligation Bonds			
Series of 2016	1,160,000	1,435,000	(275,000)
Series of 2017	24,210,000	25,145,000	(935,000)
Series of 2018	-	4,385,000	(4,385,000)
Series of 2019	2,615,000	2,640,000	(25,000)
Unamortized bond (discounts) premium	<u>1,610,201</u>	<u>2,118,957</u>	<u>(508,756)</u>
Total General Obligation Bonds	<u>\$ 29,595,201</u>	<u>\$ 35,723,957</u>	<u>\$ (6,128,756)</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 continued to navigate through the COVID-19 relief funds in 2022-23. It is unknown at the end of 2022-23 fiscal year how the School District funding and expenditures will be impacted by the pandemic for future years once the federal dollars end.

CARLISLE AREA SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
June 30, 2023

The funding of the cost of employee retirement through the Pennsylvania School Employees Retirement System (PSERS) remains a substantial financial concern. The employer contribution rate based on wages paid has increased substantially in the last few years as follows: 30.03% in 2016-17, 32.57% in 2017-18, 33.43% in 2018-19, 34.29% in 2019-20, 34.51% in 2020-21, 34.94% in 2021-22 and 35.26% in 2022-23. The contribution rate for the 2023-24 fiscal year has been certified by the PSERS Board of Trustees at 34.00%. Currently, the rates for future fiscal years are projected at 34.73% for 2024-25, 35.49% for 2025-26, and 36.15% for 2026-27. The contribution rate is projected to continue to be in excess of 36% for at least 2 additional years beyond 2026-27. Even at the elevated rate of 34.00% in 2023-24, 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. In 2022-23, the School District worked with an architect to conduct a feasibility study and projects significant growth in the School District. In May 2023, the School District formed the Exploring K-8 Facilities Committee made up of District administrators and staff as well as community members. The Committee's goal is to improve and enhance the education program through a more efficient structure, and for our elementary and middle level students to experience the same cutting-edge program regardless of which building they attend. The School District wants all students and community to truly feel a part of "One Carlisle." The Committee will continue to evaluate various models and narrow them down to two models for a final recommendation to the Board of Directors in 2023-24.

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 Director of Business Operations 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, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 26,401,194	\$ 2,325,588	\$ 28,726,782
Investments	20,874,077	1,012,798	21,886,875
Receivables			
Taxes, net	4,108,919	-	4,108,919
Intergovernmental	4,076,412	10,909	4,087,321
Leases	-	12,493	12,493
Other	379,235	4,307	383,542
Internal balances	91,018	(91,018)	-
Inventories	-	44,793	44,793
Prepaid items	9,710,111	-	9,710,111
Total current assets	<u>65,640,966</u>	<u>3,319,870</u>	<u>68,960,836</u>
Noncurrent Assets			
Capital assets not being depreciated			
Land	1,800,459	153,900	1,954,359
Construction in progress	5,549,741	-	5,549,741
Capital assets net of accumulated depreciation/amortization			
Site improvements	4,168,282	16,781	4,185,063
Buildings and improvements	81,013,577	85,988	81,099,565
Equipment, furniture and fixtures	818,874	212,820	1,031,694
Right-to-use assets - IT subscriptions	118,092	-	118,092
Right-to-use assets - equipment	256,194	-	256,194
Total noncurrent assets	<u>93,725,219</u>	<u>469,489</u>	<u>94,194,708</u>
Total assets	<u>159,366,185</u>	<u>3,789,359</u>	<u>163,155,544</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension liability	17,201,638	17,957	17,219,595
Deferred outflows related to OPEB liability	2,046,279	2,994	2,049,273
Deferred charge on bond refunding	508,860	-	508,860
Total deferred outflows of resources	<u>19,756,777</u>	<u>20,951</u>	<u>19,777,728</u>
Total assets and deferred outflows of resources	<u>\$ 179,122,962</u>	<u>\$ 3,810,310</u>	<u>\$ 182,933,272</u>
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 2,495,096	\$ 78,494	\$ 2,573,590
Unearned revenue	28,115	-	28,115
Accrued salaries, benefits and withholdings	7,306,459	-	7,306,459
Accrued interest	421,132	-	421,132
Portion due or payable within one year:			
General obligation bonds and notes payable	6,673,756	-	6,673,756
Compensated absences and retirement stipend	161,025	94	161,119
IT subscriptions	40,058	-	40,058
Lease obligations	92,695	-	92,695
Total current liabilities	<u>17,218,336</u>	<u>78,588</u>	<u>17,296,924</u>
Noncurrent Liabilities			
Portion due or payable after one year:			
General obligation bonds and notes payable	22,921,445	-	22,921,445
Compensated absences and retirement stipend	1,453,242	8,651	1,461,893
Lease obligations	150,633	-	150,633
IT subscriptions	28,573	-	28,573
Net pension liability	95,681,349	82,738	95,764,087
OPEB liability	7,675,070	6,646	7,681,716
Total noncurrent liabilities	<u>127,910,312</u>	<u>98,035</u>	<u>128,008,347</u>
Total liabilities	<u>145,128,648</u>	<u>176,623</u>	<u>145,305,271</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to leases	-	5,928	5,928
Deferred inflows related to pension liability	3,837,796	36,898	3,874,694
Deferred inflows related to OPEB liability	2,362,404	4,658	2,367,062
Total deferred inflows of resources	<u>6,200,200</u>	<u>47,484</u>	<u>6,247,684</u>
NET POSITION			
Net investment in capital assets	63,802,874	469,489	64,272,363
Restricted			
Future capital expenses	8,668,105	-	8,668,105
Future medical expenses	9,661,266	-	9,661,266
Unrestricted	<u>(54,338,131)</u>	<u>3,116,714</u>	<u>(51,221,417)</u>
Total net position	<u>27,794,114</u>	<u>3,586,203</u>	<u>31,380,317</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 179,122,962</u>	<u>\$ 3,810,310</u>	<u>\$ 182,933,272</u>

CARLISLE AREA SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Primary Government							
Governmental activities							
Instruction	\$ 59,241,502	\$ 301,165	\$ 13,950,804	\$ -	\$ (44,989,533)	\$ -	\$ (44,989,533)
Instructional student support	9,584,751	-	1,448,348	-	(8,136,403)	-	(8,136,403)
Administrative and financial support services	9,627,453	62,840	1,038,919	-	(8,525,694)	-	(8,525,694)
Operation and maintenance of plant services	7,362,220	26,803	2,984,579	-	(4,350,838)	-	(4,350,838)
Pupil transportation	4,707,975	-	1,003,707	-	(3,704,268)	-	(3,704,268)
Student activities	1,611,258	67,816	160,188	-	(1,383,254)	-	(1,383,254)
Community services	13,858	1,082	13,002	-	226	-	226
Interest on long-term debt	1,070,030	-	-	873,994	(196,036)	-	(196,036)
Total governmental activities	<u>93,219,047</u>	<u>459,706</u>	<u>20,599,547</u>	<u>873,994</u>	<u>(71,285,800)</u>	<u>-</u>	<u>(71,285,800)</u>
Business-type activities							
Food services	3,054,984	803,969	2,863,788	-	-	612,773	612,773
Property rentals	86,302	176,940	-	-	-	90,638	90,638
Total business-type activities	<u>3,141,286</u>	<u>980,909</u>	<u>2,863,788</u>	<u>-</u>	<u>-</u>	<u>703,411</u>	<u>703,411</u>
Total primary government	<u>\$ 96,360,333</u>	<u>\$ 1,440,615</u>	<u>\$ 23,463,335</u>	<u>\$ 873,994</u>	<u>\$ (71,285,800)</u>	<u>\$ 703,411</u>	<u>\$ (70,582,389)</u>
General revenues							
Property taxes levied for general purposes, public utility realty tax, and earned income tax					\$ 64,831,956	\$ -	\$ 64,831,956
Grants, subsidies and contributions not restricted					17,716,502	-	17,716,502
Investment earnings (losses)					762,726	44,571	807,297
Gain on sale of capital assets					7,219	-	7,219
Miscellaneous income					66,571	17,020	83,591
Total general revenues					<u>83,384,974</u>	<u>61,591</u>	<u>83,446,565</u>
Change in net position					12,099,174	765,002	12,864,176
Net position - beginning, as restated					<u>15,694,940</u>	<u>2,821,201</u>	<u>18,516,141</u>
Net position - ending					<u>\$ 27,794,114</u>	<u>\$ 3,586,203</u>	<u>\$ 31,380,317</u>

CARLISLE AREA SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2023

	General Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 24,367,518	\$ 1,637,919	\$ 395,757	\$ 26,401,194
Investments	11,536,456	7,109,495	2,228,126	20,874,077
Taxes receivable, net	4,108,919	-	-	4,108,919
Due from other funds	108,980	3,069	-	112,049
Receivable from other governments	4,076,412	-	-	4,076,412
Other receivables	362,668	9,120	2,730	374,518
Prepaid expenditures	48,845	-	-	48,845
Total assets	<u>\$ 44,609,798</u>	<u>\$ 8,759,603</u>	<u>\$ 2,626,613</u>	<u>\$ 55,996,014</u>
LIABILITIES				
Accounts payable	\$ 1,971,051	\$ 88,132	\$ 435,913	\$ 2,495,096
Unearned revenue	28,115	-	-	28,115
Due to other funds	3,387	3,366	9,561	16,314
Accrued salaries, benefits and withholdings	7,306,459	-	-	7,306,459
Total liabilities	<u>9,309,012</u>	<u>91,498</u>	<u>445,474</u>	<u>9,845,984</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable grant revenue	280,594	-	-	280,594
Unavailable tax revenue	1,816,325	-	-	1,816,325
Total deferred inflows of resources	<u>2,096,919</u>	<u>-</u>	<u>-</u>	<u>2,096,919</u>
FUND BALANCES				
Nonspendable fund balance				
Nonspendable for future prepaid expenditures	48,845	-	-	48,845
Restricted fund balance				
Restricted for future capital projects	-	8,668,105	-	8,668,105
Committed fund balance				
Student activities	-	-	3,085	3,085
Future retirement costs	1,000,000	-	-	1,000,000
Future medical insurance costs	297,990	-	-	297,990
Future property insurance	-	-	-	-
Future capital projects	-	-	2,178,054	2,178,054
Assigned fund balance				
Future maintenance	2,000,000	-	-	2,000,000
Future special education	3,000,000	-	-	3,000,000
Budget deficit	3,813,000	-	-	3,813,000
Future technology	2,000,000	-	-	2,000,000
Future elementary program changes	4,000,000	-	-	4,000,000
Future staffing needs	1,500,000	-	-	1,500,000
Future athletic facilities	1,000,000	-	-	1,000,000
Unassigned fund balance	14,544,032	-	-	14,544,032
Total fund balances	<u>33,203,867</u>	<u>8,668,105</u>	<u>2,181,139</u>	<u>44,053,111</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 44,609,798</u>	<u>\$ 8,759,603</u>	<u>\$ 2,626,613</u>	<u>\$ 55,996,014</u>

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

Total fund balances - governmental funds \$ 44,053,111

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	188,320,672	
Accumulated depreciation	<u>(94,595,453)</u>	93,725,219

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.

9,661,266

Certain receivables are not available soon enough to pay for current period expenditures and therefore are deferred in the fund financial statements.

2,096,919

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	(29,595,201)	
Deferred charge on bond refunding	508,860	
Lease obligations	(243,328)	
IT Subscription liabilities	(68,631)	
Accrued interest on bonds	(421,132)	
Compensated absences/retirement stipend	(1,614,267)	
Net pension liability	(95,681,349)	
Deferred outflows related to pension liability	17,201,638	
Deferred inflows related to pension liability	(3,837,796)	
OPEB liability	(7,675,070)	
Deferred outflows related to OPEB liability	2,046,279	
Deferred inflows related to OPEB liability	<u>(2,362,404)</u>	
		<u>(121,742,401)</u>

Net position of governmental activities in the Statement of Net Position \$ 27,794,114

CARLISLE AREA SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance -
Governmental Funds
Year Ended June 30, 2023

	General Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Local revenues				
Taxes	\$ 65,220,817	\$ -	\$ -	\$ 65,220,817
Investment earnings (losses)	463,634	97,423	34,769	595,826
Revenue from intermediate sources	1,115,589	-	-	1,115,589
Other	690,352	986	2,841	694,179
State sources	31,581,452	-	-	31,581,452
Federal sources	6,044,506	-	-	6,044,506
Total revenues	<u>105,116,350</u>	<u>98,409</u>	<u>37,610</u>	<u>105,252,369</u>
EXPENDITURES				
Instruction	60,158,539	-	-	60,158,539
Support services	28,940,129	1,292,751	-	30,232,880
Operation of noninstructional services	1,908,085	-	825	1,908,910
Facilities acquisition, construction and improvements	2,638,764	2,643,791	1,332,099	6,614,654
Debt service:				
Principal	5,712,058	-	-	5,712,058
Interest	1,389,100	-	-	1,389,100
Total expenditures	<u>100,746,675</u>	<u>3,936,542</u>	<u>1,332,924</u>	<u>106,016,141</u>
Excess (deficiency) of revenues over expenditures	<u>4,369,675</u>	<u>(3,838,133)</u>	<u>(1,295,314)</u>	<u>(763,772)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	7,219	-	-	7,219
Proceeds from lease and subscription-based IT arrangements	114,862	-	-	114,862
Interfund transfers	(460,000)	460,000	-	-
Total other financing sources and uses	<u>(337,919)</u>	<u>460,000</u>	<u>-</u>	<u>122,081</u>
Net change in fund balances	<u>4,031,756</u>	<u>(3,378,133)</u>	<u>(1,295,314)</u>	<u>(641,691)</u>
Fund balances - beginning	<u>29,172,111</u>	<u>12,046,238</u>	<u>3,476,453</u>	<u>44,694,802</u>
Fund balances - ending	<u>\$ 33,203,867</u>	<u>\$ 8,668,105</u>	<u>\$ 2,181,139</u>	<u>\$ 44,053,111</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, 2023

Net change in fund balances - total governmental funds \$ (641,691)

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.

Depreciation/amortization expense	(5,804,167)	
Capital outlays	<u>6,598,077</u>	793,910

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. 1,083,051

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. (107,061)

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	5,620,000
Amortization of bond premium, discounts, prepaid bond insurance, and deferred charge on bond refundings	<u>276,188</u>

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	38,557
Lease obligations	87,701
IT subscriptions	(68,631)
OPEB liability	(72,231)
Net pension liability	5,171,754
Compensated absences/retirement stipend	<u>(82,373)</u>

Change in net position of governmental activities \$ 12,099,174

CARLISLE AREA SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -
General Fund
Year Ended June 30, 2023

	Budget		Actual	Variance
	Original	Final	(Budgetary/ GAAP Basis)	with Final Budget
REVENUES				
Local sources				
Taxes	\$ 61,473,000	\$ 61,473,000	\$ 65,220,817	\$ 3,747,817
Investment earnings	25,000	25,000	463,634	438,634
Revenue from intermediate sources	1,065,000	1,065,000	1,115,589	50,589
Other	277,000	277,000	690,352	413,352
State sources	29,919,725	31,224,601	31,581,452	356,851
Federal sources	5,926,250	5,926,250	6,044,506	118,256
Total revenues	<u>98,685,975</u>	<u>99,990,851</u>	<u>105,116,350</u>	<u>5,125,499</u>
EXPENDITURES				
Instruction				
Regular programs	40,118,323	40,118,323	38,407,106	1,711,217
Special programs	12,102,236	12,102,236	14,137,061	(2,034,825)
Vocational education	1,921,100	1,921,100	2,284,087	(362,987)
Other instructional	4,904,966	4,904,966	5,091,140	(186,174)
Nonpublic school programs	-	-	32,351	(32,351)
Adult and higher education programs	219,000	219,000	206,794	12,206
Support services				
Pupil personnel services	4,851,906	4,851,906	4,999,374	(147,468)
Instructional staff services	2,374,119	2,374,119	2,881,590	(507,471)
Administrative services	4,732,157	4,732,157	4,903,134	(170,977)
Pupil health	1,471,524	1,471,524	1,492,334	(20,810)
Business	824,983	824,983	822,797	2,186
Operation and maintenance of plant services	7,612,459	7,612,459	6,701,658	910,801
Student transportation services	4,443,213	4,443,213	4,450,769	(7,556)
Central support services	3,007,084	3,007,084	2,636,045	371,039
Other support services	55,000	55,000	52,428	2,572
Operation of noninstructional services				
Student activities	1,547,641	1,547,641	1,644,263	(96,622)
Community services	-	-	262,405	(262,405)
Other noninstructional services	250	250	1,417	(1,167)
Facilities, acquisition, construction and improvement	3,885,000	3,885,000	2,638,764	1,246,236
Debt service				
Principal	5,620,000	5,620,000	5,712,058	(92,058)
Interest	1,384,039	1,384,039	1,389,100	(5,061)
Total expenditures	<u>101,075,000</u>	<u>101,075,000</u>	<u>100,746,675</u>	<u>328,325</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	-	-	7,219	7,219
Proceeds from lease and subscription-based IT arrangements	-	-	114,862	114,862
Interfund transfers	-	-	(460,000)	(460,000)
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>(337,919)</u>	<u>(337,919)</u>
Net change in fund balance	<u>\$ (2,389,025)</u>	<u>\$ (1,084,149)</u>	<u>\$ 4,031,756</u>	<u>\$ 5,115,905</u>
Fund balance - beginning			<u>29,172,111</u>	
Fund balance - ending			<u>\$ 33,203,867</u>	

CARLISLE AREA SCHOOL DISTRICT
Statement of Net Position - Proprietary Funds
June 30, 2023

	Enterprise		Total	Internal Service
	Food Service Fund	Other Enterprise Fund		Medical Insurance Fund
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 1,892,022	\$ 433,566	\$ 2,325,588	\$ -
Investments	-	1,012,798	1,012,798	-
Due from other funds	318	-	318	-
Due from other governments	10,909	-	10,909	-
Lease receivables	-	12,493	12,493	-
Other receivables	4,307	-	4,307	-
Prepaid expenses	-	-	-	9,661,266
Inventory	44,793	-	44,793	-
Total current assets	<u>1,952,349</u>	<u>1,458,857</u>	<u>3,411,206</u>	<u>9,661,266</u>
Noncurrent Assets				
Land	-	153,900	153,900	-
Site improvements	-	45,840	45,840	-
Buildings	-	861,267	861,267	-
Furniture and equipment	2,432,982	-	2,432,982	-
Accumulated depreciation	<u>(2,220,162)</u>	<u>(804,338)</u>	<u>(3,024,500)</u>	<u>-</u>
Total noncurrent assets	<u>212,820</u>	<u>256,669</u>	<u>469,489</u>	<u>-</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension liability	17,957	-	17,957	-
Deferred outflows related to OPEB liability	2,994	-	2,994	-
Total deferred outflows of resources	<u>20,951</u>	<u>-</u>	<u>20,951</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 2,186,120</u>	<u>\$ 1,715,526</u>	<u>\$ 3,901,646</u>	<u>\$ 9,661,266</u>
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 78,494	\$ -	\$ 78,494	\$ -
Due to other funds	10,519	80,818	91,337	-
Compensated absences	94	-	94	-
Total current liabilities	<u>89,107</u>	<u>80,818</u>	<u>169,925</u>	<u>-</u>
Noncurrent Liabilities				
Compensated absences	8,650	-	8,650	-
OPEB liability	6,646	-	6,646	-
Net pension liability	82,738	-	82,738	-
Total noncurrent liabilities	<u>98,034</u>	<u>-</u>	<u>98,034</u>	<u>-</u>
Total liabilities	<u>187,141</u>	<u>80,818</u>	<u>267,959</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to leases	-	5,928	5,928	-
Deferred inflows related to pension liability	36,898	-	36,898	-
Deferred inflows related to OPEB liability	4,658	-	4,658	-
Total deferred inflows of resources	<u>41,556</u>	<u>5,928</u>	<u>47,484</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	212,820	256,669	469,489	-
Restricted	-	-	-	9,661,266
Unrestricted	1,744,603	1,372,111	3,116,714	-
Total net position	<u>1,957,423</u>	<u>1,628,780</u>	<u>3,586,203</u>	<u>9,661,266</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 2,186,120</u>	<u>\$ 1,715,526</u>	<u>\$ 3,901,646</u>	<u>\$ 9,661,266</u>

CARLISLE AREA SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position- Proprietary Funds
Year Ended June 30, 2023

	Enterprise			Internal Service
	Food Service Fund	Other Enterprise Fund	Total	Medical Insurance Fund
OPERATING REVENUE				
Sales and charges for services/insurance premiums	\$ 822,024	\$ 176,940	\$ 998,964	\$ 9,738,090
Total operating revenues	<u>822,024</u>	<u>176,940</u>	<u>998,964</u>	<u>9,738,090</u>
OPERATING EXPENSES				
Purchased services	2,547,225	4,535	2,551,760	-
Food and milk purchases	269,093	-	269,093	-
Salaries	31,489	-	31,489	-
Employee benefits	10,756	-	10,756	7,010,416
Other employee benefits	-	-	-	1,582,372
Administrative fees and overhead costs	-	-	-	229,150
Supplies	40,450	1,823	42,273	-
Depreciation	26,935	38,250	65,185	-
Repairs and maintenance	72,140	2,196	74,336	-
Other operating expenses	56,896	3,548	60,444	-
Real estate taxes	-	35,950	35,950	-
Total operating expenses	<u>3,054,984</u>	<u>86,302</u>	<u>3,141,286</u>	<u>8,821,938</u>
Operating income (loss)	<u>(2,232,960)</u>	<u>90,638</u>	<u>(2,142,322)</u>	<u>916,152</u>
NONOPERATING REVENUES (EXPENSES)				
Federal subsidies	2,537,198	-	2,537,198	-
State subsidies	325,555	-	325,555	-
Interest income	-	44,571	44,571	166,899
Total nonoperating revenue (expenses)	<u>2,862,753</u>	<u>44,571</u>	<u>2,907,324</u>	<u>166,899</u>
Change in net position	629,793	135,209	765,002	1,083,051
Total net position - beginning	<u>1,327,630</u>	<u>1,493,571</u>	<u>2,821,201</u>	<u>8,578,215</u>
Total net position - ending	<u>\$ 1,957,423</u>	<u>\$ 1,628,780</u>	<u>\$ 3,586,203</u>	<u>\$ 9,661,266</u>

CARLISLE AREA SCHOOL DISTRICT
Statement of Cash Flows - Proprietary Funds
Year Ended June 30, 2023

	<u>Enterprise</u>			<u>Internal Service</u>
	<u>Food Service</u>	<u>Other Enterprise</u>	<u>Total</u>	<u>Medical Insurance</u>
	<u>Fund</u>	<u>Fund</u>		<u>Fund</u>
Cash flows from operating activities				
Cash received from sales/rentals/insurance premiums	\$ 819,616	\$ 243,335	\$ 1,062,951	\$ 9,738,090
Cash payments for goods and services	(2,756,075)	(48,052)	(2,804,127)	-
Cash payments to and on behalf of employees	(48,238)	-	(48,238)	(9,904,989)
Net cash provided (used) by operating activities	<u>(1,984,697)</u>	<u>195,283</u>	<u>(1,789,414)</u>	<u>(166,899)</u>
Cash flows from capital and related financing activities				
Purchase of equipment	(134,675)	(5,000)	(139,675)	-
Net cash provided (used) by capital and related financing activities	<u>(134,675)</u>	<u>(5,000)</u>	<u>(139,675)</u>	<u>-</u>
Cash flows from noncapital financing activities				
Federal subsidies	2,702,580	-	2,702,580	-
State subsidies	337,323	-	337,323	-
Net cash provided (used) by noncapital financing activities	<u>3,039,903</u>	<u>-</u>	<u>3,039,903</u>	<u>-</u>
Cash flows from investing activities				
Purchase of investments	-	(1,012,798)	(1,012,798)	-
Earnings on investments	-	44,571	44,571	166,899
Net cash provided (used) by investing activities	<u>-</u>	<u>(968,227)</u>	<u>(968,227)</u>	<u>166,899</u>
Net increase (decrease) in cash and cash equivalents	920,531	(777,944)	142,587	-
Cash and cash equivalents - beginning	971,491	1,211,510	2,183,001	-
Cash and cash equivalents - ending	<u>\$ 1,892,022</u>	<u>\$ 433,566</u>	<u>\$ 2,325,588</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)	\$ (2,232,960)	\$ 90,638	\$ (2,142,322)	\$ 916,152
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Donated food used	269,093	-	269,093	-
Depreciation	26,935	38,249	65,184	-
(Increase) decrease in:				
Inventory	(2,891)	-	(2,891)	-
Accounts receivable	(2,774)	-	(2,774)	-
Due from other funds	366	-	366	-
Prepaid expenses	-	-	-	(1,083,051)
Increase (decrease) in:				
OPEB liability and related deferred outflows and inflows	(1,845)	-	(1,845)	-
Net pension liability and related deferred outflows and inflows	(6,053)	-	(6,053)	-
Compensated absences	1,531	-	1,531	-
Due to other funds	374	66,396	66,770	-
Accounts payable	(36,473)	-	(36,473)	-
Total adjustments	<u>248,263</u>	<u>104,645</u>	<u>352,908</u>	<u>(1,083,051)</u>
Net cash provided (used) by operating activities	<u>\$ (1,984,697)</u>	<u>\$ 195,283</u>	<u>\$ (1,789,414)</u>	<u>\$ (166,899)</u>

CARLISLE AREA SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2023

	Custodial Funds	Private Purpose Trust Fund
ASSETS		
Cash and cash equivalents	\$ 87,248	\$ 218
Investments	-	15,000
Accounts receivable	1,520	-
Total assets	<u>\$ 88,768</u>	<u>\$ 15,218</u>
LIABILITIES		
Due to general fund	\$ 4,717	\$ -
Total liabilities	<u>4,717</u>	<u>-</u>
NET POSITION		
Held in trust	-	15,218
Restricted for individuals and organizations	84,051	-
Total net position	<u>84,051</u>	<u>15,218</u>
Total liabilities and net position	<u>\$ 88,768</u>	<u>\$ 15,218</u>

CARLISLE AREA SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2023

	Custodial Funds	Private Purpose Trust Fund
ADDITIONS		
Fundraisers	\$ 58,171	\$ -
Sales	90,075	-
Dues	1,249	-
Contributions	6,240	-
Interest income	745	69
Total additions	<u>156,480</u>	<u>69</u>
DEDUCTIONS		
Supplies	39,229	-
Food/refreshments	10,614	-
Dues and student fees	7,331	-
Rentals	12,946	-
Scholarships	1,250	-
Contributions	5,994	-
Miscellaneous expense	79,375	-
Total deductions	<u>156,739</u>	<u>-</u>
Change in net position	(259)	69
Net position - beginning	<u>84,310</u>	<u>15,149</u>
Net position - ending	<u>\$ 84,051</u>	<u>\$ 15,218</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.

Separate financial statements are prepared for and available from HACC. See additional information regarding payments to the above affiliated organization at Note 13.

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, 2023. The Trust is not deemed a component unit of the School District under governmental accounting principles. See Note 15 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. The School District reports the Student Activities Fund as a custodial fund.

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.

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.

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.

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 and amortization 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
Right-to-use assets – equipment	3 - 4 years	N/A

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 District's deferred inflows of resources consist of various amounts related to leases and 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.

Leases

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

Lessor: The School District is a lessor for a noncancellable lease of building space. The School District recognizes a lease receivable and a deferred inflow of resources in the government-wide and proprietary fund financial statements.

At the commencement of a lease, the School District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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

- The School District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

Subscription-Based Information Technology Arrangements

During the year ended June 30, 2023, the School District adopted GASB No. 96 for the reporting of Subscription-Based Information Technology Arrangements. The School District is a lessee for eight (4) noncancellable arrangements for subscription-based information technology. The School District recognizes a subscription liability and an intangible right-to-use IT subscription asset (subscription asset) in the government-wide financial statements.

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

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

- The School District uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the School District generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subscription-Based Information Technology Arrangements (Continued)

- The subscription term includes the noncancellable period of the subscription arrangement. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and any renewal provisions that the School District is reasonably certain to exercise.

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

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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2023 is for future capital and medical expenses.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position – Government-Wide/Proprietary Funds (Continued)

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.

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 Business Operations has the authority to make assignments of fund balance. The assignment of fund balance cannot result in a negative unassigned fund balance.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance – Governmental Fund Financial Statements (Continued)

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

Policy Regarding Order of Spending

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.

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.

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.

CARLISLE AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 2 CASH AND INVESTMENTS

- 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.

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, 2023, the School District has a bank balance of \$ 19,284,308. Of this balance, \$ 1,694,358 is covered by FDIC insurance and the remaining balance of \$ 17,589,950 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 \$ 6,782,682-. 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, 2023, 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	\$ 8,423,975	\$ 8,423,975	\$ -	\$ -	AAAm
Brokered CD's	295,773	295,773	-	-	Not rated
Municipal bonds	2,979,584	1,523,794	1,455,789	-	N/A
Treasury obligation	3,155,903	3,155,903	-	-	N/A
Agency securities	420,547	176,137	244,410	-	AA+
	<u>\$ 15,275,782</u>	<u>\$ 13,575,582</u>	<u>\$ 1,700,200</u>	<u>\$ -</u>	

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

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

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.

Custodial Credit Risk - Investments

Custodial credit risk is the risk that, in the event of the failure of a counter party, the School District will not be able to recover the value of its investments. All of the School District's brokered certificates of deposit, fixed income securities, and agency securities are in the name of the School District and not the custodian.

Credit Risk - Investments

Included in cash and cash equivalents in the financial statements are pooled investments in the PLGIT – Class. 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.

Investments – Fair Value Measurements

Generally accepted accounting principles define fair value, describe a framework for measuring fair value, and require disclosure about fair value measurements. Recurring fair value measurements are those that GASB Statements require or permit in the statement of net position at the end of each reporting period. The established framework includes a three-level hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The

CARLISLE AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments – Fair Value Measurements (Continued)

fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Level 1 inputs are quoted prices in active markets for identified assets; Level 2 inputs are significant other observable inputs; Level 3 are significant unobservable inputs. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following is a description of the valuation methodologies used for instruments measured at fair value on the statement of net position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Brokered Certificates of Deposit

The fair value of brokered certificates of deposit are estimated using a discounted cash flow calculation that applies to interest rates currently being offered for deposits of similar remaining maturities to a schedule of aggregated expected maturities of such deposits. Such investments are classified within Level 2 of the valuation hierarchy.

Municipal Bonds

The fair value of municipal bonds is estimated using similar bonds available on the open market. Such investments are generally classified as Level 2 of the valuation hierarchy.

Treasury Obligations

The fair value of treasury obligations is estimated using quoted active markets for identical assets. Such investments are generally classified as Level 1 of the valuation hierarchy.

Agency Securities

Agency securities consisting of Federal Home Loan Bank, Fannie Mae, and Freddie Mac are generally valued at the most recent price of the equivalent quotes yield for such securities, or those of comparable maturity, quality, and type. Such investments are generally classified as Level 2 of the valuation hierarchy.

The following table sets forth by level within the fair value hierarchy, the financial assets that were accounted for at fair value on a recurring basis as of June 30, 2023:

	June 30, 2023			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Brokered CD's	\$ 295,773	\$ -	\$ 295,773	\$ -
Municipal bonds	2,979,584	-	2,979,584	-
Treasury obligation	3,155,903	3,155,903	-	-
Agency securities	420,547	-	420,547	-
Total investments by fair value category	<u>\$ 6,851,807</u>	<u>\$ 3,155,903</u>	<u>\$ 3,695,904</u>	<u>\$ -</u>

CARLISLE AREA SCHOOL DISTRICT
Notes to Financial Statements

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.

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, 2023:

Earned income	\$ 2,730,869
Real estate	944,702
Real estate transfer tax	383,172
Other taxes	<u>50,176</u>
Taxes receivable, net	4,108,919
Taxes collected within sixty days, recorded as revenues in governmental funds	<u>(2,292,594)</u>
Taxes estimated to be collected after sixty days and thus "unavailable", recorded as deferred inflows of resources in governmental funds.	<u>\$ 1,816,325</u>

NOTE 5 INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

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

<u>Funds</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 108,980	\$ 3,387
Food Service	318	10,519
Capital Reserve	3,069	3,365
Capital Projects (Other Governmental)	-	8,955
Student Activity (Fiduciary - Custodial Fund)	-	4,717
Property Rentals (Other Enterprise)	-	80,818
Student Body (Other Governmental)	-	606
	<u>\$ 112,367</u>	<u>\$ 112,367</u>

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 Food Service, Capital Projects, and the Student Activity Fund for expenditures that were paid on behalf of these funds.

CARLISLE AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 5 INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS (CONTINUED)

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

<u>Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	\$ 460,000
Capital Reserve	460,000	-
	<u>\$ 460,000</u>	<u>\$ 460,000</u>

Transfers are substantially for purposes of subsidizing operating functions and funding capital projects and asset acquisitions. For the year ended June 30, 2023, amounts were transferred from the General Fund to the Capital Reserve Fund to fund various future improvements and acquisitions.

NOTE 6 INTERGOVERNMENTAL RECEIVABLES

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

		<u>Governmental Funds</u>	<u>Enterprise Funds</u>
State:	Social Security	\$ 456,660	\$ -
	Retirement	2,268,402	-
	Grants/subsidies	2,582	2,194
Federal:	Grants/subsidies	<u>1,348,768</u>	<u>8,715</u>
		<u>\$ 4,076,412</u>	<u>\$ 10,909</u>

NOTE 7 LEASE RECEIVABLE/DEFERRED INFLOWS

The School District entered a two-year lease as lessor for the use of School District building space. An initial lease receivable was recorded in the amount of \$ 297,885 as of July 1, 2021. As of June 30, 2023, the value of the lease receivable was \$ 12,493 with a related deferred inflow of \$ 5,928. The lessee is required to make monthly fixed payments of \$ 12,500. The lease has an interest rate of 0.68% and the School District recognized lease revenue of \$ 149,364 during the year ended June 30, 2023. The School District recognized interest revenue of \$ 636 during the year ended June 30, 2023.

CARLISLE AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 8 CAPITAL ASSETS

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

	Beginning Balance, as restated	Additions	Retirements	Ending Balance
Governmental Activities				
Cost				
Assets not being depreciated				
Land	\$ 1,800,459	\$ -	\$ -	\$ 1,800,459
Construction in progress	2,882,703	3,394,833	(727,795)	5,549,741
Assets being depreciated/amortized				
Site improvements	9,637,371	53,764	-	9,691,135
Buildings and improvements	145,624,331	3,327,194	-	148,951,525
Equipment, furniture, and fixtures	21,326,334	418,947	(31,609)	21,713,672
Right-to-use asset - equipment	421,661	4,357	-	426,018
Right-to-use asset - IT Subscriptions	61,345	126,777	-	188,122
Total cost	<u>181,754,204</u>	<u>7,325,872</u>	<u>(759,404)</u>	<u>188,320,672</u>
Less accumulated depreciation/amortization				
Site improvements	(5,117,713)	(405,140)	-	(5,522,853)
Buildings and improvements	(64,886,797)	(3,051,151)	-	(67,937,948)
Equipment, furniture, and fixtures	(18,713,836)	(2,212,571)	31,609	(20,894,798)
Right-to-use asset - equipment	(84,102)	(85,722)	-	(169,824)
Right-to-use asset - IT Subscriptions	-	(70,030)	-	(70,030)
Total accumulated depreciation/amortization	<u>(88,802,448)</u>	<u>(5,824,614)</u>	<u>31,609</u>	<u>(94,595,453)</u>
Capital assets, net	<u>\$ 92,951,756</u>	<u>\$ 1,501,258</u>	<u>\$ (727,795)</u>	<u>\$ 93,725,219</u>
				93725219
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	5,000	-	861,267
Equipment, furniture, and fixtures	2,298,306	134,676	-	2,432,982
Total cost	<u>3,354,313</u>	<u>139,676</u>	<u>-</u>	<u>3,493,989</u>
Less accumulated depreciation				
Site improvements	(25,994)	(3,065)	-	(29,059)
Buildings and improvements	(740,096)	(35,183)	-	(775,279)
Equipment, furniture, and fixtures	(2,193,226)	(26,936)	-	(2,220,162)
Total accumulated depreciation	<u>(2,959,316)</u>	<u>(65,184)</u>	<u>-</u>	<u>(3,024,500)</u>
Capital assets, net	<u>\$ 394,997</u>	<u>\$ 74,492</u>	<u>\$ -</u>	<u>\$ 469,489</u>

CARLISLE AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 8 CAPITAL ASSETS (CONTINUED)

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

Instruction	\$ 3,678,073
Instructional student support	581,026
Administrative and financial support services	723,399
Operation and maintenance of plant services	450,369
Pupil transportation	287,042
Student activities	103,860
Community services	845
	<u>\$ 5,824,614</u>

Business-Type Activities

Food service	\$ 26,934
Property rental	38,250
	<u>\$ 65,184</u>

The construction in progress consists of the following at June 30, 2023:

Athletic Master Plan	\$ 39,992
MES Secure Entrance	2,740,541
DW Projects	2,624,357
Various Projects	144,851
	<u>\$ 5,549,741</u>

NOTE 9 ACCRUED SALARIES AND BENEFITS/WITHHOLDINGS

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

General Fund

Accrued salaries	\$ 2,647,682
Accrued benefits	179,057
Retirement	4,286,197
Social security	193,523
	<u>\$ 7,306,459</u>

CARLISLE AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 10 LONG-TERM LIABILITIES

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

	Beginning Balance, as restated	Additions	Reductions	Ending Balance	Current Portion	Long-term Portion
Governmental Activities						
Bonds						
(A) Series of 2016 Bonds	\$ 1,435,000	\$ -	\$ (275,000)	\$ 1,160,000	\$ 280,000	\$ 880,000
(B) Series of 2017 Bonds	25,145,000	-	(935,000)	24,210,000	5,845,000	18,365,000
(C) Series of 2019 Bonds	2,640,000	-	(25,000)	2,615,000	40,000	2,575,000
Direct Borrowing						
(E) Series of 2018 Note Unamortized bond premium/(discount)	4,385,000 2,118,957	- -	(4,385,000) (508,756)	- 1,610,201	- 508,756	- 1,101,445
Subtotal - bonds/payable	<u>35,723,957</u>	<u>-</u>	<u>(6,128,756)</u>	<u>29,595,201</u>	<u>6,673,756</u>	<u>22,921,445</u>
Compensated absences/ retirement stipend						
Sick leave	679,708	728,047	(724,299)	683,456	89,144	594,312
Vacation	153,685	359,125	(346,500)	166,310	16,631	149,679
Retirement stipend	698,501	123,750	(57,750)	764,501	55,250	709,251
Subtotal - compensated absences/retirement stipend	<u>1,531,894</u>	<u>1,210,922</u>	<u>(1,128,549)</u>	<u>1,614,267</u>	<u>161,025</u>	<u>1,453,242</u>
Lease obligations	331,029	4,357	(92,058)	243,328	92,695	150,633
IT subscription liability	-	110,505	(41,874)	68,631	40,058	28,573
Total long-term liabilities	<u>\$ 37,586,880</u>	<u>\$ 1,215,279</u>	<u>\$ (7,349,363)</u>	<u>\$ 31,452,796</u>	<u>\$ 6,927,476</u>	<u>\$ 24,525,320</u>
Business-Type Activities						
Compensated absences:						
Sick leave	\$ 6,259	\$ 2,250	\$ (706)	\$ 7,803	\$ -	\$ 7,803
Vacation	954	2,596	(2,608)	942	94	848
Total long-term liabilities	<u>\$ 7,213</u>	<u>\$ 4,846</u>	<u>\$ (3,314)</u>	<u>\$ 8,745</u>	<u>\$ 94</u>	<u>\$ 8,651</u>

(A) 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%.

(B) 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%.

(C) 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%.

CARLISLE AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 10 LONG-TERM LIABILITIES

(D) 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.

Lease Obligations

The School District has entered into a lease agreement as the lessee for the acquisition and use of a Toshiba copier. The copier lease requires monthly principal and interest payments of \$ 100 based on an interest rate of 0.39%. The School District continued two lease agreements as the lessee for the acquisition and use of district-wide copiers and a postage machine from July 1, 2021. The district-wide copier lease requires monthly principal and interest payments of \$ 7,414 based on an interest rate of 0.39%. The postage machine lease requires quarterly principal and interest payments of \$ 895 based on an interest rate of 9.24%. The associated right-to-use assets are disclosed in the Capital Assets footnote.

IT Subscription Liabilities

The School District entered into four (4) subscription arrangements ranging from 2 to 3 years for the exclusive use of subscription-based information technology. The arrangements require annual principal and interest payments ranging from \$ 9,967 to \$ 46,010 based on an interest rate ranging from 2.00% to 3.70%. The associated right-to-use asset is disclosed in the Capital Assets footnote.

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

	Bonds					
	Series of 2016		Series of 2017		Series of 2019	
	Principal	Interest	Principal	Interest	Principal	Interest
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	300,000	6,300	5,760,000	144,000	890,000	49,800
2028	-	-	-	-	1,600,000	32,000
	<u>\$ 1,160,000</u>	<u>\$ 59,900</u>	<u>\$ 24,210,000</u>	<u>\$ 2,414,250</u>	<u>\$ 2,615,000</u>	<u>\$ 236,200</u>

	Lease Obligations		IT Subscription Liability		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
	2024	\$ 92,695	\$ 1,051	\$ 40,058	\$ 2,483	\$ 6,297,753
2025	90,613	447	28,573	1,029	6,594,186	832,751
2026	60,020	89	-	-	6,855,020	512,389
2027	-	-	-	-	6,950,000	200,100
2028	-	-	-	-	1,600,000	32,000
	<u>\$ 243,328</u>	<u>\$ 1,587</u>	<u>\$ 68,631</u>	<u>\$ 3,512</u>	<u>\$ 28,296,959</u>	<u>\$ 2,715,449</u>

NOTE 11 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 receive premium assistance, eligible retirees must obtain their health insurance through either their school employers or the PSERS' health options program. As of June 30, 2022, there were no assumed future benefit increases to participating eligible retirees.

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

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

CARLISLE AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS

Plan Membership

School District Plan

Membership in the School District's plan consisted of the following at July 1, 2021, the date of the latest actuarial valuation:

Active participants	471
Vested former participants	0
Retired participants	<u>149</u>
Total	<u>620</u>

Contributions

PSERS

The School District's contractually required contribution rate for the fiscal year ended June 30, 2023 was 0.75% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year with an additional amount to finance the unfunded accrued liability. Contributions to the OPEB plan from the employer were \$ 255,185 for the year ended June 30, 2023.

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

School District Plan

The School District's total OPEB liability was measured as of July 1, 2022, and the total OPEB liability was determined by rolling forward the total liability from July 1, 2021 to July 1, 2022 based on actuarial valuation as of July 1, 2021, which was based on census information as of July 2021. The plan has no assets that are accumulated in a trust that meets the criteria established in GASB Statement No. 75. At June 30, 2023, the School District reported a total OPEB liability of \$ 3,711,173.

For the year ended June 30, 2023, the School District recognized OPEB expense of \$ 239,274.

PSERS

At June 30, 2023, the School District reported a liability of \$ 3,970,543 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2021 to June 30, 2022. The School District's proportionate of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2023, the School District's proportionate was 0.2157 percent, which was an increase of 0.0033 percent from its proportionate measured as of June 30, 2022.

For the year ended June 30, 2023, the School District recognized OPEB expense of \$ 83,038.

CARLISLE AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

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

	Total OPEB/ Net OPEB	
	Liability	OPEB Expense
School District Plan	\$ 3,711,173	\$ 239,274
PSERS	3,970,543	83,038
Total	<u>\$ 7,681,716</u>	<u>\$ 322,312</u>

Changes in the Total OPEB Liability

School District Plan

	Total OPEB Liability
Beginning Balance	\$ 4,006,270
Changes for the year:	
Service cost	325,115
Interest	97,035
Difference between expected and actual experience	-
Changes in assumptions	(577,976)
Benefit payments	(139,271)
Net changes	(295,097)
Ending Balance	<u>\$ 3,711,173</u>

At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	School District Plan		PSERS		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 696,620	\$ 513,844	\$ 37,000	\$ 21,000	\$ 733,620	\$ 534,844
Changes in assumptions	307,493	693,781	441,000	938,000	748,493	1,631,781
Net difference between projected and actual investment earnings	-	-	11,000	-	11,000	-
Changes in proportions - plan	-	-	159,000	189,000	159,000	189,000
Change in proportion - fund	-	-	3,838	3,838	3,838	3,838
Difference between employer contributions and proportionate share of total contributions	-	-	6,163	7,599	6,163	7,599
Benefit payments/contributions subsequent to the measurement date	135,551	-	251,608	-	387,159	-
	<u>\$ 1,139,664</u>	<u>\$ 1,207,625</u>	<u>\$ 909,609</u>	<u>\$ 1,159,437</u>	<u>\$ 2,049,273</u>	<u>\$ 2,367,062</u>

CARLISLE AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Changes in the Total OPEB Liability (Continued)

The amount of \$ 387,159 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, 2023 related to the School District and PSERS plans. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year ended June 30	School District Plan	PSERS	Total
2024	\$ (47,325)	\$ (130,648)	\$ (177,973)
2025	(47,325)	(85,648)	(132,973)
2026	(47,325)	(93,380)	(140,705)
2027	(47,325)	(106,380)	(153,705)
2028	(47,325)	(87,380)	(134,705)
Thereafter	33,113	2,000	35,113
Total	<u>\$ (203,512)</u>	<u>\$ (501,436)</u>	<u>\$ (704,948)</u>

Actuarial Methods and Assumptions

School District Plan

The total OPEB liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

PSERS

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

	School District Plan	PSERS
Actuarial Cost Method	Entry age normal	Entry age normal - level % of pay.
Investment Rate of Return	4.06% - S&P 20 year high grade municipal bond rate at July 1, 2022.	4.09% - S&P 20 year municipal bond rate at June 30, 2022.
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 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.

CARLISLE AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

(Continued)	School District Plan	PSERS
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 a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
Percentage of Eligible Employees Electing Coverage in Plan	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 2021 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.
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, \$ 8,012 for males and \$ 11,571 for females; 50-54, \$ 10,611 for males and \$ 13,077 for females; 55-59, \$ 12,924 for males and \$ 13,683 for females; and 60-64, \$ 16,864 for males and \$ 15,719 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.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

PSERS (Continued)

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

OPEB – Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	<u>100.0%</u>	0.5%
	<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, 2022.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.06% and 4.09% for the School District’s Plan and PSERS, respectively. The School District Plan is not funded, therefore, the S&P 20 year high grade municipal bond rate of 4.06% as of July 1, 2022 is applicable discount rate. Under the PSERS plan’s funding policy, contributions are structured for short term funding of premium assistance. The funding policy sets contribution rates necessary to assure solvency of premium assistance through the third fiscal year after the actuarial valuation date. The premium assistance account is funded to establish reserves that are sufficient for the payment of premium assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB’s plan fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a “pay-as-you-go” plan. A discount rate of 4.09% which represents the S&P 20 year municipal bond rate at June 30, 2022, was applied to all projected benefit payments to measure the total OPEB liability.

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

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

	1% Decrease	Current Discount Rate	1% Increase
School District Plan - Total OPEB liability	<u>\$ 4,016,951</u>	<u>\$ 3,711,173</u>	<u>\$ 3,425,163</u>
	3.06%	4.06%	5.06%
	1% Decrease	Current Discount Rate	1% Increase
PSERS - School District’s proportionate share of the net OPEB liability	<u>\$ 4,490,000</u>	<u>\$ 3,970,543</u>	<u>\$ 3,536,000</u>
	3.09%	4.09%	5.09%

CARLISLE AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

For the PSERS plan, healthcare cost trends were applied to retirees receiving less than \$ 1,200 in Premium Assistance. As of June 30, 2022, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$ 1,200.

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

School District Plan

	1% Decrease (5.5% decreasing to 2.9%)	Healthcare Cost Trend Rate (6.5% decreasing to 3.9%)	1% Increase (7.5% decreasing to 4.9%)
School District Plan - Total OPEB Liability	\$ 3,244,202	\$ 3,711,173	\$ 4,269,520

PSERS

	1% Decrease (Between 4% to 6%)	Healthcare Cost Trend Rate (Between 5% to 7%)	1% Increase (Between 6% to 8%)
PSERS - School District's proportionate share of the net OPEB liability	\$ 3,970,000	\$ 3,970,543	\$ 3,971,000

OPEB Plan Fiduciary Net Position

PSERS

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

Payables to the OPEB Plan

School District Plan

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

PSERS

As of June 30, 2023, the School District had \$ 91,190 included in accrued salaries and benefits liability, of which \$ 71,498 is for the contractually required contribution for the second quarter of 2023 and \$ 19,692 is related to the accrued payroll liability for wages incurred as of June 30, 2023.

NOTE 12 PENSION PLAN

General Information About the Pension Plan

Plan Description

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

Benefits Provided

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

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

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

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

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

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

CARLISLE AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 12 PENSION PLAN

General Information About the Pension Plan (Continued)

Benefits Provided (Continued)

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

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

Contributions

Member contributions:

The contribution rates based on qualified member compensation for virtually all members are presented below:

Member Contribution Rates				
Membership Class	Continuous Employment Since	Defined Benefit (DB) Contribution Rate	DC Contribution Rate	Total Contribution Rate
T-C	Prior to July 22, 1983	5.25%	N/A	5.25%
T-C	On or after July 22, 1983	6.25%	N/A	6.25%
T-D	Prior to July 22, 1983	6.50%	N/A	6.50%
T-D	On or after July 22, 1983	7.50%	N/A	7.50%
T-E	On or after July 1, 2011	7.50% base rate with shared risk provision	N/A	8.00%
T-F	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	10.80%
T-G	On or after July 1, 2019	5.5% base rate with shared risk provision	2.75%	9.00%
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	8.25%
DC	On or after July 1, 2019	N/A	7.50%	7.50%
Shared Risk Program Summary				
Membership Class	Defined Benefit (DB) Base Rate	Shared Risk Increment	Minimum	Maximum
T-E	7.50%	+/- 0.50%	5.50%	9.50%
T-F	10.30%	+/- 0.50%	8.30%	12.30%
T-G	5.50%	+/- 0.75%	2.50%	8.50%
T-H	4.50%	+/- 0.75%	1.50%	7.50%

Employer Contributions:

The School District’s contractually required contribution rate for fiscal year ended June 30, 2023 was 34.51% of covered payroll. 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 \$ 11,632,650 for the year ended June 30, 2023. In addition, the School District’s contribution to the defined contribution plan was \$ 109,261 for the year ended June 30, 2023.

CARLISLE AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 12 PENSION PLAN

General Information About the Pension Plan (Continued)

State Funding:

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

During the year ended June 30, 2023, the School District recognized revenue of \$ 6,302,632 as reimbursement for its current year pension payments.

At June 30, 2023, the School District reported a liability of \$ 95,764,087 in the Statement of Net Position for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2021 to June 30, 2022. The School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2023, the School District's proportion was 0.2154 percent, which was an increase of 0.0033 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the School District recognized pension expense of \$ 6,651,137.

At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 43,000	\$ 828,000
Changes in assumptions	2,860,000	-
Net difference between projected and actual investment earnings	-	1,625,000
Changes in proportionate share - plan	2,615,000	1,385,000
Changes in proportionate share - fund	36,694	36,694
Difference between employer contributions and proportionate share of total contributions	87,566	-
Contributions subsequent to the measurement date	<u>11,577,336</u>	<u>-</u>
	<u>\$ 17,219,596</u>	<u>\$ 3,874,694</u>

CARLISLE AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 12 PENSION PLAN

General Information About the Pension Plan (Continued)

The \$ 11,577,336 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2024	\$ 136,867
2025	1,511,769
2026	(2,149,070)
2027	<u>2,268,000</u>
Total	<u>\$ 1,767,566</u>

Actuarial Assumptions

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

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

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

NOTE 12 PENSION PLAN

General Information About the Pension Plan (Continued)

Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment 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.

The target allocation and best estimates of geometric real rates of return for each major asset class as of June 30, 2022 are as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public entity	28.0%	5.3%
Private equity	12.0%	8.0%
Fixed income	33.0%	2.3%
Commodities	9.0%	2.3%
Absolute return	6.0%	3.5%
Infrastructure/MLPs	9.0%	5.4%
Real estate	11.0%	4.6%
Cash	3.0%	0.5%
Net leverage	(11.0%)	0.5%
	100%	

Discount Rate

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District’s proportionate share of the net pension liability	\$ 123,864,000	\$ 95,764,087	\$ 72,072,000

CARLISLE AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 12 PENSION PLAN

General Information About the Pension Plan (Continued)

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

As of June 30, 2023, the School District had \$ 4,195,007 included in accrued salaries and benefits liability, of which \$ 3,289,862 is for the contractually required contribution for the second quarter of 2023 and \$ 905,145 is related to the accrued payroll liability for wages incurred as of June 30, 2023.

NOTE 13 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, 2023 were \$ 211,794.

NOTE 14 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, 2023 may be impaired. In the opinion of the School District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

CARLISLE AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 15 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, 2023, 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.

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
2023	<u>\$ 700,408</u>	<u>\$ 7,239,566</u>	<u>\$ 7,296,203</u>	<u>\$ 643,771</u>

The ending liability consists of incurred but not reported (IBNR) claims as of June 30, 2023. The IBNR was estimated based on actual claims incurred prior to June 30, 2023, but paid after year end. The ending liability above is netted with prepaid expenses within the Medical Insurance Fund.

CARLISLE AREA SCHOOL DISTRICT
Notes to Financial Statements

NOTE 16 RESTATEMENTS

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

	Governmental Activities
Net position, as originally stated - June 30, 2022	\$ 15,654,041
Standard implementation - right-to-use asset - IT subscriptions	40,899
Standard implementation - subscription liability	<u>-</u>
Net position, as restated - June 30, 2022	<u>\$ 15,694,940</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
2023	0.2154%	\$ 95,764,087	\$ 31,710,404	302.00%	61.34%
2022	0.2125%	87,245,551	30,109,690	289.76%	63.67%
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	0.2290%	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 2020-2021:

- Actuarial cost method – Entry Age Normal – level percent of pay.
- Investment return – 7.00% includes inflation at 2.50%.
- Salary growth – effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

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
2023	\$ 11,632,650	\$ 11,632,650	\$ -	\$ 34,345,322	33.87%
2022	10,671,897	10,671,897	-	31,710,404	33.65%
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%

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

	2023	2022	2021	2020	2019	2018
Total OPEB Liability - School District Plan						
Service cost	\$ 325,115	\$ 293,675	\$ 215,026	\$ 192,577	\$ 179,975	\$ 235,299
Interest	97,035	67,504	100,909	74,192	72,422	81,125
Differences between expected and actual experience	-	511,700	-	424,606	-	(1,130,457)
Changes in assumptions	(577,976)	(134,355)	375,682	(81,726)	786	74,450
Benefit payments	(139,271)	(147,994)	(139,830)	(93,348)	(85,881)	(224,300)
Net change in total OPEB liability	(295,097)	590,530	551,787	516,301	167,302	(963,883)
Total OPEB liability - beginning	4,006,270	3,415,740	2,863,953	2,347,652	2,180,350	3,144,233
Total OPEB liability - ending	<u>\$ 3,711,173</u>	<u>\$ 4,006,270</u>	<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	\$ 27,944,217	N/A	\$ 26,725,321	N/A	\$ 29,132,167
Total OPEB liability as a percentage of covered employee payroll	N/A	14.34%	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
2023	0.2157%	\$ 3,970,543	\$ 31,710,404	12.52%	6.86%
2022	0.2124%	5,034,056	30,109,690	16.72%	5.30%
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%	5.73%

NOTES

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

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

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
2023	\$ 255,185	\$ 255,185	\$ -	\$ 34,345,322	0.74%
2022	251,677	251,677	-	31,710,404	0.79%
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, 2023

Grantor Program Title	Source Code	Federal ALN	Pass Through Grantor's Number	Grant Period Beginning/Ending Date	Program or Award Amount	Total Received for the Year	Receivable (Unearned) at July 1, 2022	Revenue Recognized	Expenditures Recognized	Receivable (Unearned) at June 30, 2023	Total Passed-Through to Subrecipients
U.S. Department of Education											
Impact Aid	D	84.041	N/A	July 1, 2022 - June 30, 2023	\$ 423,640	\$ 353,244	\$ -	\$ 423,640	\$ 423,640	\$ 70,396	\$ -
Total direct funds						353,244	-	423,640	423,640	70,396	-
Passed through the Pennsylvania Department of Education											
ESEA Title I Improving Basic Programs	I	84.010	013-22-0663	July 1, 2022 - September 30, 2023	1,045,113	821,179	-	996,214	996,214	175,035	-
ESEA Title I Improving Basic Programs Title I	I	84.010	013-21-0063	July 1, 2021 - September 30, 2022	1,059,488	148,731	153,228	13,874	13,874	18,371	-
						969,910	153,228	1,010,088	1,010,088	193,406	-
ESEA Title II Improving Teacher Quality	I	84.367	020-22-0063	July 1, 2022 - September 30, 2023	167,827	167,827	-	163,853	163,853	(3,974)	-
ESEA Title II Improving Teacher Quality Title II	I	84.367	020-21-0063	July 1, 2021 - September 30, 2022	169,644	35,672	34,844	4,003	4,003	3,175	-
						203,499	34,844	167,856	167,856	(799)	-
ESEA Title III Language Instruction	I	84.365	010-22-0063	July 1, 2022 - September 30, 2023	62,429	54,671	-	59,851	59,851	5,180	-
ESEA Title III Language Instruction Title III	I	84.365	010-21-0063	July 1, 2021 - September 30, 2022	47,313	588	588	-	-	-	-
						55,259	588	59,851	59,851	5,180	-
ESEA Title IV Student Support and Academic Enrichment	I	84.424	144-22-0063	July 1, 2022 - September 30, 2023	83,132	79,193	-	82,117	82,117	2,924	-
ESEA Title IV Student Support and Academic Enrichment Title IV	I	84.424	144-21-0063	July 1, 2021 - September 30, 2022	69,143	41	(1,591)	1,632	1,632	-	-
						79,234	(1,591)	83,749	83,749	2,924	-
Secondary Allocation - Perkins	I	84.048	380-22-0065	July 1, 2022 - September 30, 2023	84,275	84,275	-	84,275	84,275	-	-
Perkins						84,275	-	84,275	84,275	-	-
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER II CARES)	I	84.425D	200-21-0063	March 13, 2020 - September 30, 2023	3,395,176	947,491	264,284	686,135	686,135	2,928	-
COVID-19 - ARP ESSER	I	84.425U	223-21-0063	March 13, 2020 - September 30, 2024	6,867,458	2,871,846	530,905	3,181,051	3,181,051	840,110	-
COVID-19 - ARP ESSER 7% Learning Loss	I	84.425U	225-21-0063	July 1, 2021 - September 30, 2024	381,253	173,297	17,849	188,524	188,524	33,076	-
COVID-19 - ARP ESSER 7% Summer Programs	I	84.425U	225-21-0063	July 1, 2021 - September 30, 2024	76,251	34,660	59,239	8,694	8,694	33,273	-
COVID-19 - ARP ESSER 7% Afterschool Programs	I	84.425U	225-21-0063	July 1, 2021 - September 30, 2024	76,251	34,660	(6,543)	17,064	17,064	(24,139)	-
COVID-19 - ARP ESSER Homeless Children and Youth ESSER	I	84.425W	181-21-2062	July 1, 2021 - September 30, 2024	49,438	45,635	(3,803)	49,438	49,438	-	-
						4,107,589	861,931	4,130,906	4,130,906	885,248	-
P-EBT Local Admin Funds	I	10.649	N/A	July 1, 2022 - June 30, 2023	N/A	3,135	-	3,135	3,135	-	-
Passed through Pennsylvania Commission on Crime and Delinquency											
COVID-19 - Disaster Emergency Health and Safety (ESSER)	I	84.425D	2023-ES-01-38239	July 1, 2022 - September 30, 2024	352,982	-	-	73,375	73,375	73,375	-
COVID-19 - Disaster Emergency Health and Safety (ESSER) Education Stabilization Fund	I	84.425D	2020-ES-01-35549	March 13, 2020 - September 30, 2022	158,148	158,148	147,387	10,761	10,761	-	-
						158,148	147,387	84,136	84,136	73,375	-
Total - Pennsylvania Department of Education						5,661,049	1,196,387	5,623,996	5,623,996	1,159,334	-
Passed through Capital Area Intermediate Unit											
I.D.E.A. Part B - Special Education	I	84.027	N/A	July 1, 2021 - June 30, 2023	891,283	891,283	-	891,283	891,283	-	-
COVID-19 - ARP I.D.E.A. Part B - Special Education		84.027X	N/A	July 1, 2021 - September 30, 2023	216,772	128,738	5,354	211,417	211,417	88,033	-
I.D.E.A. 619 Funds - Special Education	I	84.027	N/A	July 1, 2021 - June 30, 2023	8,224	-	-	2,888	2,888	2,888	-
Total Special Education Cluster						1,020,021	5,354	1,105,588	1,105,588	90,921	-
Total - Capital Area Intermediate Unit						1,020,021	5,354	1,105,588	1,105,588	90,921	-
Total U.S. Department of Education						\$ 7,034,314	\$ 1,201,741	\$ 7,153,224	\$ 7,153,224	\$ 1,320,651	\$ -

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

Grantor Program Title	Source Code	Federal ALN	Pass Through Grantor's Number	Grant Period Beginning/Ending Date	Program or Award Amount	Total Received for the Year	Receivable (Unearned) at July 1, 2022	Revenue Recognized	Expenditures Recognized	Receivable (Unearned) at June 30, 2023	Total Passed-Through to Subrecipients
U.S. Department of Agriculture											
Child Nutrition Cluster											
Passed through Pennsylvania Department of Education											
School Breakfast Program	I	10.553	N/A	July 1, 2022 - June 30, 2023	N/A	\$ 581,183	\$ -	\$ 585,947	\$ 585,947	\$ 4,764	\$ -
School Breakfast Program	I	10.553	N/A	July 1, 2021 - June 30, 2022	N/A	99,620	99,620	-	-	-	-
National School Lunch Program (cash)	I	10.555	N/A	July 1, 2022 - June 30, 2023	N/A	1,543,580	-	1,547,530	1,547,530	3,950	-
National School Lunch Program (cash)	I	10.555	N/A	July 1, 2021 - June 30, 2022	N/A	343,569	343,569	-	-	-	-
Supply Chain Assistance	I	10.555	N/A	July 1, 2022 - June 30, 2023	N/A	131,493	-	131,493	131,493	-	-
Passed through the Pennsylvania Department of Agriculture											
National School Lunch Program (Commodities)	I(B)	10.555	N/A	July 1, 2022 - June 30, 2023	N/A	<u>269,093</u>	<u>-</u>	<u>269,093</u>	<u>269,093</u>	<u>-</u>	<u>-</u>
Total National School Lunch Program						<u>269,093</u>	<u>-</u>	<u>269,093</u>	<u>269,093</u>	<u>-</u>	<u>-</u>
Total Child Nutrition Cluster						<u>2,968,538</u>	<u>443,189</u>	<u>2,534,063</u>	<u>2,534,063</u>	<u>8,714</u>	<u>-</u>
Total U.S. Department of Agriculture						<u>2,968,538</u>	<u>443,189</u>	<u>2,534,063</u>	<u>2,534,063</u>	<u>8,714</u>	<u>-</u>
Total Expenditures of Federal Awards						<u>\$ 10,002,852</u>	<u>\$ 1,644,930</u>	<u>\$ 9,687,287</u>	<u>\$ 9,687,287</u>	<u>\$ 1,329,365</u>	<u>\$ -</u>

CARLISLE AREA SCHOOL DISTRICT
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

NOTE 1 REFERENCES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

(D) Direct funding

(I) Indirect funding

(B) Based on USDA valuation

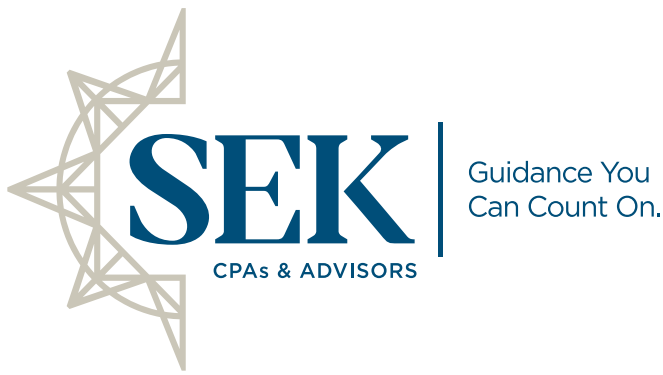
NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

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, 2023, 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 January 30, 2024.

REPORT ON 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 or significant deficiencies may exist that have not been identified.

REPORT ON COMPLIANCE AND OTHER MATTERS

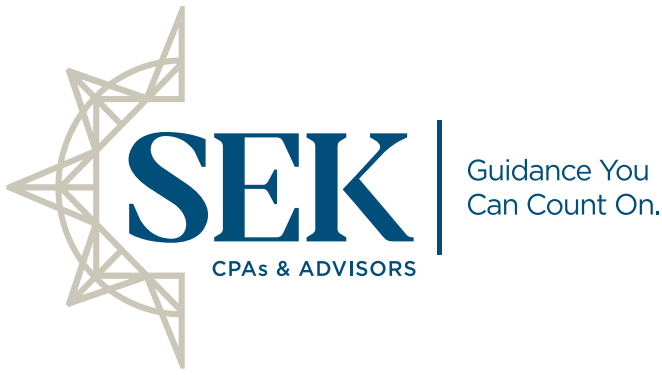
As part of obtaining reasonable assurance about whether Carlisle Area School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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
January 30, 2024



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

Board of Directors
Carlisle Area School District
Carlisle, Pennsylvania

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on 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, 2023. 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.

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, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

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

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

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

Smith Elliott Kearns + Company, LLC

Carlisle, Pennsylvania
January 30, 2024

CARLISLE AREA SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

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

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

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

Identification of the major programs:

Assistance Listing Number(s)	Name of Federal Program
84.425	Education Stabilization Fund
10.553	Child Nutrition Cluster
10.555	School Breakfast Program
84.027	School Lunch Program
84.173	Special Education Cluster
84.010	IDEA
	IDEA – Section 619
	Title I

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
540 West North Street • Carlisle, Pennsylvania 17013
717-240-6800 • www.carliseschools.org
Colleen M. Friend, Ed.D., Superintendent

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2023

Findings related to financial statements:

None reported in the June 30, 2022 Schedule of Findings and Questioned Costs.

Findings related to federal awards:

None reported in the June 30, 2022 Schedule of Findings and Questioned Costs.