



ANNUAL COMPREHENSIVE FINANCIAL REPORT

Year Ended June 30, 2023

SCHOOL DISTRICT OF LANCASTER
Lancaster, Pennsylvania

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**SCHOOL DISTRICT OF LANCASTER
LANCASTER COUNTY
LANCASTER, PENNSYLVANIA**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

PREPARED BY:

OFFICE OF BUSINESS & FINANCE

KIMBERLY REYNOLDS, MBA, PRSBA, DIRECTOR OF FINANCE

SCHOOL DISTRICT OF LANCASTER

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SCHOOL DISTRICT OF LANCASTER INTRODUCTORY SECTION



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Letter of Transmittal

December 19, 2023



To the Members of the Board of School Directors and Citizens of the School District of Lancaster:

In order to be awarded a Certificate of Excellence and/or a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized annual comprehensive financial report whose contents conform to each of the programs' standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements. Both the Certificate of Excellence and the Certificate of Achievement are valid for a period of one year only. We believe our current report conforms to both programs' requirements, and we are submitting it to ASBO and GFOA to determine its eligibility for another Certificate for the year ended June 30, 2023.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The financial statements in this report have been audited by BBD, LLP, an independent firm of certified public accountants. BBD, LLP has provided an unmodified opinion on the District's financial statements for the year ending June 30, 2023.

Management's Discussion and Analysis ("**MD&A**") provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it. Our MD&A can be found immediately following the report of our independent auditors.



This ACFR includes all funds of the District, consistent with the guidance contained in GASB 14, *The Financial Reporting Entity*, GASB 39, *Determining Whether Certain Organizations Are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*. The criteria used by the School District to evaluate whether additional entities should be included as component units include whether the School District can impose its will on these entities and whether these entities bring the School District financial benefit or burden.

Reporting Entity

School Districts were established by the Public School Code of 1949 to assist the General Assembly in its constitutionally mandated duty to provide for the maintenance and support of a through and efficient system of public education in the Commonwealth of Pennsylvania. As established by the School Code, the School District of Lancaster is a legally autonomous and fiscally independent political subdivision of the third class. The laws of Pennsylvania give the District corporate powers that distinguish it as a legally separate entity from the Commonwealth of Pennsylvania and any of its subdivision. The District has the power to determine its budget; to approve and modify that budget; to levy taxes; set rates and establish charges; and to issue bonded debt. The powers may be exercised without substantive approval by another government.

Profile of the School District

The School District of Lancaster ("**the District**" or "**SDoL**") is located in the center of Lancaster County in the southeastern corner of Pennsylvania. It encompasses an area of 13.5 square miles covering the City of Lancaster and Lancaster Township. The School District's boundaries are coterminous with Lancaster Township and the City of Lancaster. According to the United States Census Bureau, Lancaster County is the sixth most populous county in Pennsylvania, and the City of Lancaster is the eighth most populous of Pennsylvania's cities. Established in 1836, it is the second oldest school district in Pennsylvania. The District employs approximately 1,600 Administrative, Professional and Support Staff. Our student population averages 10,000 students of whom 62% are Hispanic, 16% are African American, 12% are Caucasian and nearly 10% are Asian and other ethnicities.

The District is governed by a nine-member Board of School Directors ("**Board**"), elected for four-year terms. The Superintendent is the Chief Administrative Officer of the District and has responsibility for all aspects of operations, including education and finance. The Chief of Finance and Operations is responsible for budgets, financials and non-instructional school operations. Both officials are selected by the Board in accordance with Pennsylvania School Law and relevant legislation. A Cabinet level of administrators that includes the Assistant Superintendent for Curriculum and Instruction, Directors of Schools, Director of Student Services, among others, provides oversight of various departments in the District.

Our student population includes more than 1,900 English Learners who speak thirty-eight different languages peppered with a variety of dialects. About five hundred of these students are refugees from countries like the Democratic Republic of the Congo, Syria, Poland, Ukraine, Burma, Cuba, India, Kenya, Iran, Iraq and many others. Additionally, about 2,000 students receive Special Education services and support. Afterschool and summer programs, school-based health care clinics, on-site therapy and counseling services were implemented to provide extra support for these and other students as necessary.



District Facilities

Our Mission Statement is "To ensure every child receives an excellent education." The District provides a comprehensive educational program for grades pre-kindergarten through twelve.

There are twenty-one educational facilities in the District that host classes from PreK-12th grade. The elementary schools provide full day pre-kindergarten and kindergarten programs and educate students through fifth grade. Four middle schools serve students in sixth through eighth grades. The District also has one Pre-K through 8th grade school to serve the far western area of the District.

J.P McCaskey High School Campus is two buildings – J.P. McCaskey and McCaskey East – serving 9th through 12th grade students. Two alternative programs at Buerhle School and Phoenix Academy offer options for students who are in need of credit recovery, are overage for their grade, or have a need for an alternate setting for their educational success.

Joint Ventures

The School District of Lancaster has several joint ventures with organizations located within Lancaster County. The Lancaster County Career and Technology Center of Lancaster-Lebanon County ("**CTC**") is one such venture with a joint board consisting of school directors from each member district to provide governance. Each member district pays a share of the operating costs and debt service, and approves the CTC's budget.

The District also serves as a member of the Lancaster County Career and Technology Center Authority ("**Authority**"). In 1968, the Authority entered into an agreement with the member school districts and the Career and Technology Center Board to acquire land and construct buildings to provide the facilities for the operation of the Career and Technology Center. Forty-six SDoL students were enrolled at the CTC in the 2022-2023 school year.

The District is a member of the Lancaster-Lebanon Joint Authority ("**Joint Authority**"). The Joint Authority conducts bids and Requests for Proposals to procure materials and services related to the operations, maintenance and improvement of the facilities that it owns or leases for the use of the Lancaster-Lebanon.

Intermediate Unit No. 13 ("**IU 13**") and the twenty-two school districts located in Lancaster and Lebanon counties. The school districts established the Joint Authority for the purposes of acquiring, holding, constructing, improving, maintaining, operating, owning and/or leasing projects for public school purposes and for the purposes of IU 13.

The District participates with the sixteen other Lancaster County school districts and all the local municipalities for the collection of earned income taxes through the Lancaster County Tax Collection Bureau ("**Bureau**"). Each public school district and municipality appoints one member to serve on the joint operating committee.

Charter Schools/Cyber School/Hybrid School

The Cyber Pathways Academy is a full-time cyber school with single course options wherein students can learn on-site or by remote classes. Now in its 12th year, the program seeks to change the life altering consequences for students who may drop out of school.

Designed with a variety of options which meet the required state and district standards for cyber schools, it is a successful program. The Cyber School offers unique Science, Technology, Engineering and Math ("**STEM**") classes, English Language Arts, foreign language courses, credit recovery, summer school, distance learning, advanced placement courses and half-day vocational or technical school inclusion. The program does provide adaptations and support to meet the needs of students with Individualized Education Plans and English Learners through online learning if necessary.

The Full Circle Learning Program, initiated in the aftermath of the Covid-19 pandemic, was sunsetted due to low enrollment. Students in grades 1-4 transitioned back to their homeschools, and staff members were reallocated to other roles.

The School District of Lancaster is a partner with La Academia Partnership Charter School located within the District's boundaries. La Academia is a "brick and mortar" public charter school and tuition-free in Lancaster. It was founded in 1998 with support from local organizations such as the Spanish American Civic Association, Crispus Attucks, the Urban League, Neighborhood Services and the Community Action Program. La Academia is comprised of sixth through twelfth grades and served 158 students last year.

Local Economy

Lancaster County is experiencing strong job recovery; almost all of the jobs people had before the pandemic are filled. We also have the backdrop of economic growth that has occurred since the beginning of the pandemic. Businesses have been experiencing solid demand in 2023 which has led to more jobs and higher employment. The County's aging demographics have constrained the labor supply, resulting in fewer available workers.

The County's Unemployment Rate is 3.2% as of June 30, 2023 and continues to trend downward into the last 6 months of the year. This is slightly slower than the overall U.S. Unemployment Rate of 3.9% as of the same time period as reported by the U.S. Bureau of Labor Statistics.

Local consumer sentiment continues to flag the concern of Lancaster County residents have over their household's economic health in the moment, and importantly, looking out 12 months. Persistently high inflation, coupled with weakening household finances, underscore uncertainty about how much economic growth can be expected this year. Inflation features prominently for households and businesses. At the start of 2022, it was 1.5%. By June 2023, the annual inflation was at 3.7%, lower than last August at 8.3%, while inflation on essential categories like food, shelter and gas has been rising faster than the headline annual inflation rate.

Between fall 2021 and fall 2023, total public school enrollment dropped by 3 percent nationwide. By 2030, total public school enrollment is projected to decrease another 4 percent. Public school enrollments were projected to be higher in 2022 than they were in 2021. Between 2021-2023, The School District of Lancaster saw an enrollment decrease of 8.7%.

The City of Lancaster, located in the center of the School District is the county seat and is located approximately forty-five miles south of Pennsylvania's Capital City of Harrisburg and seventy miles west of Philadelphia. The City provides the largest portion of economic commerce for the District as well as the location of many government and not-for profit organizations. With a relatively flat local real estate tax base of which 23% of the properties are non-taxable, the District is heavily reliant on predictable funding streams from the State and Federal Government in order to fund our instructional priorities.

Coupled with that was the unknown with the local economy in terms of Earned Income and Real Estate tax collections have remained consistent with post-covid projections.

The District rebranded and expanded our internal virtual option to what is now the Cyber Pathways Academy. This has assisted with maintaining enrollment while offsetting additional Charter School tuitions which has been an increasing cost driver on our operating budget annually. We continue to monitor and adjust to these challenges as we move into the next school year.



Major Initiatives and Vision for the Future

The District is challenged with low performance on standardized tests as well as variable changes in the needs of our students. As a result, the District is embarking on our Theory of Action through 2021-2025, with the core beliefs that **IF** we implement standards-aligned instruction, early and ongoing interventions, and systemic approach to social emotional learning, **THEN** we will raise the academic growth and achievement for all students, **SO THAT** every child receives an excellent education and is academically and emotionally prepared to successfully enter college or the workforce.

The three Big Ideas are; improve student literacy, improve student math, and ensure equitable opportunities for all students to meet or exceed academic standards. These goals have a deadline of June 30, 2025, and are measured by action teams focusing on action steps and key results.

The third phase of the District's \$90 million construction and renovation projects saw the successful completion of Wickersham Elementary in the 2022-2023 fiscal year. Moving forward, the fourth phase is set to kick off with the groundbreaking of Burrowes Elementary scheduled for the spring of 2024, alongside the renovation of Wheatland Middle School. Notably, the District achieved a significant milestone by introducing its first-ever turf field at the McCaskey Campus. These facilities have been meticulously designed to addresses the unique needs of our students within the District. Over the past 15 years, the District has successfully renovated more than 14 buildings, with seven more buildings awaiting completion after the ongoing construction and renovation phase.

Instructional Programs

The School District's Instructional Program is divided into Elementary Education: grades PreK-5 at twelve sites; PreK-8 at one site; Middle Schools: grades 6-8 at four sites; and High School: grades 9-12 at four sites, two being alternative program sites that also host middle school programs for overage and credit recovery instructional programs.

SDoL is committed to supporting students as we prepare them to be College and/or Career Ready. No student should graduate high school without a plan for their future. We prioritize that students not only graduate with a plan, but that they have taken steps to make that plan a reality. In support of our student readiness plan, we have partnerships with local colleges allowing students to earn college credits while still in high school. What makes the district unique is that SDoL will pay for one dual enrollment course per semester. This enables you to earn college credits before graduating high school and minimize the time and cost of college. Students may take additional courses as well although these courses are billed to the student at the college dual enrollment rate.

All curricula were developed and written by teams of staff members to meet the needs of today's learners. Curricula have been adopted based on State Academic Standards and have been implemented in Mathematics, Reading, Science, Fine Arts, Communication/Language Arts, and Health, Physical Education and Wellness.

The instructional program subject areas are:

- Art
- Business Education
- Communications-Reading & Language Arts
- Computer Applications
- Family/Consumer Science Health, Physical Education & Wellness
- Language Arts/English
- Library
- Mathematics
- Music
- Science
- Social Studies
- Technology Education
- World Languages

Instruction is grounded in curriculum and instruction guides. Content specific tools align standards with curricular resources and provide examples of differentiation for both enrichment and remediation. Additionally, Multi-tiered Systems of Support are in place to assist our students with social-emotional development. All students are provided basic or Tier I level supports, such as school-wide bullying prevention programs. The Tier II and III levels increase in intensity and frequency for students requiring more assistance than is received in the traditional classroom. Push-in and pull-out options, family counseling and individualized therapies are available and are determined based upon each learner's specific needs. School-based behavioral support services are offered in every school to decrease the wait time in providing students the assistance they require.

"Whole Student" Approach

Prevention, intervention, transition and follow-up support services provide comprehensive assistance to students and families in need. School-based student support professionals provide direct services for all children and youth, especially those who are experiencing problems that create barriers to learning.

Direct services are provided through counseling, consultation, therapy, and individual assessments. In addition, student support services personnel provide in-service training, parent education and communication collaboration. The overarching goal for Student Services is that all learners come to school happy and healthy, stay in school, engage in learning, persist to graduation, and increase their chances for success both in school and later in life.

District Technology Program

The School Board of Directors approved a Technology Master Plan through 2023. The District's primary goal in developing a comprehensive technology plan is to define the strategies and methods for effectively integrating technology into the Pennsylvania Core Academic Standards. Technology inspires higher-level learning, problem solving, critical thinking, creativity and collaboration. Technology advances opportunities for students to apply their learning in creative ways, ignites lifelong learning and prepares students for the world of college and work. Equitable access to the Internet and to technology is a priority for the District. Established goals are for students to meet 21st Century technology standards, for teachers and administrators to create a digital age learning culture, and for the District to maintain financial responsibility focused on equity.

Special Education Services

Special education services in the District assist students with disabilities and offer learning support, emotional support, deaf and hard of hearing support, speech and language support, life skills support, vision support, autistic support and support for multiple disabilities. A variety of programs and interventions are customized to fit the individual needs of these students through IEPs (Individualized Education Plans) that are written in collaboration with the students' teachers and parents.



As for the Gifted Students, the District appreciates the diverse talents of its students and recognizes its responsibility to foster the potential of properly identified gifted and talented students. A Gifted Individualized Education Plan (GIEP) is developed to provide specially designed instruction to meet the advanced learning needs of these students.

Vocational/Technical Support

Career and Technical Education courses are offered for students in grades 10-12. These courses are divided into concentrated programs centered on careers that have been identified as high priority and/or high wage occupations and considered "Hot Jobs" in Lancaster County. A student attains technical skills and certifications in their chosen program that will help them in the job market or at a two-year or four-year post-secondary institution.

Our current programs of study are:

- Accounting
- Administrative Assisting
- Building Trades and Maintenance
- Computer Aided Drafting & Design (CADD)
- Cosmetology
- Early Childhood Education
- Electronics
- Engineering
- Health/Medical Assisting

Students also have the option of attending the Lancaster County Career and Technology Center which offers other technical programs in either half-day or full-day programs. More than 50 students attended the LCCTC.

Co-Curricular

The District offers a broad range of co-curricular activities for all students in grades kindergarten through twelve. Various after-school clubs provide a wide variety of options and offer students extra learning opportunities in music, dance, theater, art, computers, gardens, robotics, chess, poetry, debate, Model UN, Mock Trial, Skills USA and many more. Athletics and sports are also very popular. Sports offered include football, soccer, baseball, softball, basketball, field hockey, wrestling, tennis, track and field and more. At the High School, 49 teams compete in 19 different sports, and the Middle Schools support 19 teams in 5 sports.

Extended Day/Year Programs

ESSER funding was allocated to support after-school and summer learning initiatives across all district buildings, aiming to enhance educational opportunities for students.

Programs focus included building foundational skills and academic growth in English Language Arts and Mathematics, course and credit recovery, English language acquisition, Kindergarten readiness, Extended School Year, physical activity and healthy eating, improving instrument playing posture and technique in an ensemble setting, social and emotional wellness, environmental education and outdoor learning, bike safety, youth theater and hands on STEM exploration and problem solving.

Accounting System and Budgetary Control

All governmental funds utilize the modified accrual basis of accounting with revenue being recorded when susceptible to both accrual, both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures are generally recognized when the related fund liability is incurred except for: (1) disbursements for inventory type items, which are expenditures at the time of purchase and (2) principal and interest on general long-term debt which is recognized when due. Financial statements for the Proprietary Fund are maintained on the accrual basis of accounting, with maintained on the accrual basis of accounting, with revenue recognized when earned and expenses recorded when incurred.

In developing and evaluating the District's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; (2) the reliability of financial records for preparing financial statements; and (3) maintaining accountability for assets. The concept of reasonable assurance recognizes the cost and benefits require estimates and judgments by management.

All internal accounting control evaluations occur within the above framework. We believe the School District's internal accounting controls: (1) adequately safeguard assets; (2) provide reasonable assurance of proper recording of financial transactions; and (3) maintain accountability for assets.

An annual budget is adopted prior to the beginning of each year for the general fund on the modified accrual basis of accounting. The general fund is the only fund for which a budget is legally required, although project-length financial plans are adopted for all capital. The Board may make transfers of funds appropriated to any particular item of expenditure by legislative action in accordance with the Pennsylvania School Code. Management may amend the budget at the sub-function/sub-object level without School Board approval. Appropriations lapse at the end of the fiscal period.

Financial Policies with Significant Impact on This Year's Financial Statements

Several measures were taken to maintain the District's financial health as reductions and fluctuations in state and federal funding continue. While many of the rising costs are beyond our control, we can guarantee budgetary decisions were made in the best interests of our students.

Long Term Financial Planning

The rising cost of pensions, healthcare, charter school tuitions and unfunded mandates continue to squeeze annual budgets as many of these costs either are out of the district's control or tied to collective bargaining agreements. These are the greatest issues affecting the districts need to increase millage in the near future. The district evaluates the use of fund balance on a yearly basis to ensure adequate reserves are available to continue improving our buildings, meeting our current debt service expenditures, and ultimately funding a quality educational program for our students.

Certificates of Achievement

The ***Certificate of Achievement for Excellence in Financial Reporting*** has been awarded to the School District of Lancaster by the Government Finance Officers Association of the United States and Canada (GFOA) for its comprehensive annual financial report (CAFR). Its attainment represents a significant accomplishment by a government and its management. This was the **14th year** the district has received an award for its CAFR.

The ***Certificate of Excellence in Financial Reporting*** (COE) has been awarded to the district by the Association of School Business Officials (ASBO) International for having met or exceeded the program's high standards for financial reporting and accountability. This was the **12th year** the COE is awarded to the District.

Acknowledgments

The preparation of the Annual Comprehensive Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the Office of Business and Operations. Every staff member has our sincere appreciation for their tireless efforts and valuable contributions that were given in the preparation of this report. Further, without the leadership and support of the School Board of Directors of the School District of Lancaster, preparation of this report would not have been possible.



Kimberly Reynolds, Director of Finance



Dr. Keith Miles, Superintendent

SCHOOL DISTRICT OF LANCASTER

PRINCIPAL OFFICIALS

Board of School Directors

Robin Goodson	President
Kareena Rios	Vice President
Ramon Escudero	Member
Mara Creswell McGrann	Member
Luis Morales	Member
Dr. David Parry	Member
Dr. Edith Gallagher	Member
Dr. Molly Henderson	Member
Jennifer Eaton	Member
Kimberly Reynolds	Treasurer *
Mary E. Cunningham	Secretary *

* Non-Member

Senior Leadership

Dr. Keith Miles	Superintendent
Matthew Przywara	Assistant Superintendent
Dr. Camille Hopkins	Director of Schools
Dr. Josiah Keene	Director of Schools
Christopher Lopez	Executive Director of Student Services
Angela Williams	Director of Human Resources
Adam Aurand	Director of Strategic Communications
Karen Wynn	Director of Curriculum, Instruction, & Assessment
Dr. Jeremy Raff	Director of Data Analytics
Kimberly Reynolds	Director of Finance
Andrew Schenk	Director of Operations

Solicitor / Bond Counsel

Kegel Kelin Litts & Lord, LLP Lancaster, Pennsylvania

Financial Advisor

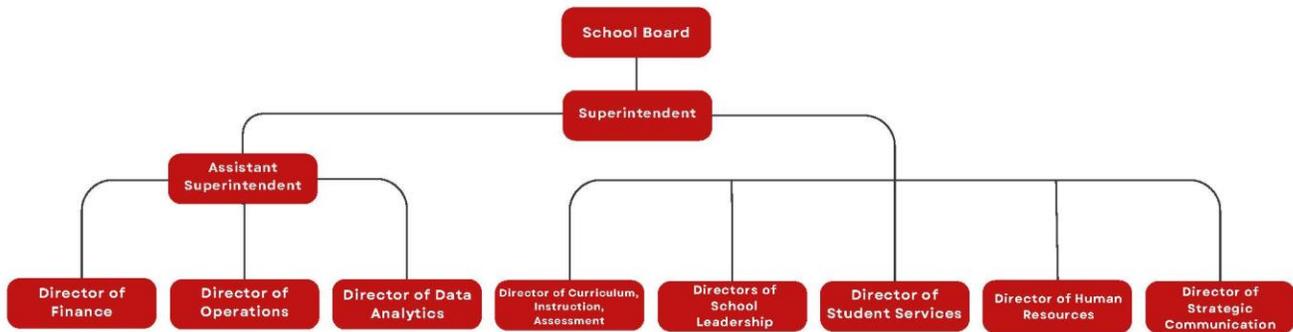
Raymond James & Associates Inc. Lancaster, Pennsylvania

Auditor

BBD, LLP Philadelphia, Pennsylvania

Senior Leadership Team

Current Team Structure





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**School District of Lancaster
Pennsylvania**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

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**The Certificate of Excellence in Financial Reporting
is presented to**

School District of Lancaster

**for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2022.**

The district report meets the criteria established for
ASBO International's Certificate of Excellence in Financial Reporting.



A handwritten signature in black ink, reading 'John W. Hutchison'. The signature is written in a cursive style and is positioned above a horizontal line.

**John W. Hutchison
President**

A handwritten signature in black ink, reading 'Siobhán McMahon'. The signature is written in a cursive style and is positioned above a horizontal line.

**Siobhán McMahon, CAE
Chief Operations Officer/
Interim Executive Director**

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SCHOOL DISTRICT OF LANCASTER FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

**Board of School Directors
School District of Lancaster
Lancaster, Pennsylvania**

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 School District of Lancaster, Lancaster, Pennsylvania as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise School District of Lancaster'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 School District of Lancaster, Lancaster, Pennsylvania as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller 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 the School District of Lancaster, Lancaster, Pennsylvania, 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 described in Note 16 to the financial statements, the School District of Lancaster adopted new accounting guidance, GASB Statement No. 96, "*Subscription-Based Information Technology Arrangements*". Our opinions are not modified with respect to that 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 School District of Lancaster, Lancaster, Pennsylvania'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 School District of Lancaster'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 School District of Lancaster'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.

Report on Summarized Comparative Information

We have previously audited the School District of Lancaster's 2022 financial statements, and our report dated December 19, 2022 expressed unmodified opinions on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of the District's proportionate share of the net pension liability-PSERS and pension plan contributions-PSERS, schedule of changes in OPEB liability single employer plan, and the schedules of the District's proportionate share of the net OPEB liability-PSERS and OPEB plan contributions-PSERS on pages 16 through 25 and 67 through 71 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District of Lancaster's basic financial statements. The combining and individual nonmajor fund financial statements are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and certain state grants, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards and certain state grants are the responsibility of management and were derived from and relate 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 combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards and certain state grants are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Financial Statements

Management is responsible for the other information in the financial statements. The other information comprises the introductory and statistical sections, but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2023, on our consideration of School District of Lancaster'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 School District of Lancaster'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 the School District of Lancaster's internal control over financial reporting and compliance.

BBD, LLP

**Philadelphia, Pennsylvania
December 19, 2023**

SCHOOL DISTRICT OF LANCASTER

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2023

As management of the School District of Lancaster (the "*District*"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the School District of Lancaster for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the accompanying financial statements and related footnotes.

FINANCIAL HIGHLIGHTS

- On a government-wide basis including all governmental activities and the business-type activities, the liabilities and deferred inflows of resources of the District exceeded the assets and deferred outflows of resources resulting in a deficit in total net position at the close of the 2022-2023 fiscal year of \$208.9 million. During the 2022-2023 fiscal year, the District had an increase in total net position of \$16.3 million. The net position of governmental activities increased by \$15.6 million and the net position of the business-type activities increased by \$650 thousand.
- General revenues and transfers related to governmental activities accounted for \$175.2 million, or 65 percent of all governmental activities revenues for fiscal year 2023. Program-specific revenues in the form of charges for services, grants and contributions accounted for \$94.2 million, or the remaining 35 percent of governmental activities.
- Program revenues related to business-type activities accounted for \$8.0 million, or almost 100 percent of all business-type activity revenues for fiscal year 2023.
- The District had approximately \$253.7 million in expenses related to governmental activities, of which \$94.2 million is directly funded by program revenues in the form of grants, charges for services and contributions. The remaining expenses related to governmental activities are financed primarily through tax revenues and the State Basic Education Subsidy.
- The General Fund reported a decrease in fund balance of \$4.8 million bringing the cumulative balance to \$17.9 million at the conclusion of the 2022-2023 fiscal year. This represents a cumulative total increase since its deficit at the conclusion of the 2003-2004 fiscal year of \$27.6 million.
- At June 30, 2023, the General Fund balance includes \$5.5 million committed or assigned by the School Board or Management for the following purposes:
 - ◆ \$2.5 million committed for fiscal stabilization
 - ◆ \$2.75 million assigned for repairs and maintenance contingency
 - ◆ \$220 thousand assigned for student activities
- Actual revenues and other financing sources were \$11.2 million more than budgeted amounts and actual expenditures and other financing uses were \$14.4 million more than budgeted amounts resulting in a net negative variance of \$3.2 million. The District allocated \$1.7 million of fund balance to balance the 2022-2023 budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's discussion and analysis ("*MD&A*") is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements have three components:

- Government-Wide Financial Statements
 - Fund Financial Statements
 - Notes to Financial Statements
-

SCHOOL DISTRICT OF LANCASTER

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2023

This report also contains other supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. There are two government-wide statements presented in this report.

- The *Statement of Net Position (Deficit)* presents information on all of the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the District's overall health, the reader will need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.
- The *Statement of Activities* presents information showing how the District's net position (deficit) changed during the most recent fiscal year. All changes in net position (deficit) are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

In the government-wide financial statements, the District's activities are divided into two categories:

Governmental Activities

Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.

Business-Type Activities

The District charges fees to cover the costs of certain services it provides, such as the food service program.

The government-wide financial statements can be found on pages 26 and 27 of this report.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the District's funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Most of the District's basic services are included in governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a district's near-term financing requirements.

SCHOOL DISTRICT OF LANCASTER

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2023

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Capital Project Fund and Debt Service Fund which are all considered to be major funds.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 28 through 32 of this report.

Proprietary Funds

The District maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Food Service Fund is reported as an enterprise fund of the proprietary fund type. Internal service funds are used to accumulate and allocate certain costs internally among the District's various functions. The District uses an internal service fund to account for the District's self-funded healthcare insurance program. Because an internal service fund predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 33 through 35 of this report.

Fiduciary Funds

The District is the trustee, or fiduciary, for assets that belong to others, consisting of the student activity and homeless funds. The District is responsible for ensuring that the assets reported in this fund are used for their intended purpose and by those to whom the assets belong. Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The basic fiduciary fund financial statement can be found on page 36 and 37 of this report.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to financial statements can be found on pages 38 through 66 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which consists schedules of the District's proportionate share of the net pension liability-PSERS and pension plan contributions-PSERS, schedule of changes in OPEB liability single-employer plan, and the schedules of the District's proportionate share of the net OPEB liability-PSERS and OPEB plan contributions-PSERS, as well as additional analysis which consists of combining and individual fund financial statements.

SCHOOL DISTRICT OF LANCASTER

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2023

The required supplementary information and additional analysis can be found on pages 67 through 75 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$208.9 million at the close of the most recent fiscal year. The table below summarizes the *Statement of Net Position (Deficit)* of the District at June 30, 2023 and 2022 (expressed in thousands).

Changes in the net position (deficit) of the District are highlighted in the following table (expressed in thousands):

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
ASSETS						
Current assets	\$ 121,788	\$ 94,641	\$8,787	\$8,866	\$ 130,575	\$ 103,508
Capital assets	219,138	216,706	169	218	219,307	216,924
Total assets	<u>340,926</u>	<u>311,347</u>	<u>8,956</u>	<u>9,084</u>	<u>349,882</u>	<u>320,432</u>
DEFERRED OUTFLOWS						
Deferred charges OPEB and proportionate share of PSERS	53,909	59,940	764	749	54,673	60,689
Deferred charges on debt refunding	505	631	-	-	505	631
	<u>54,414</u>	<u>60,571</u>	<u>764</u>	<u>749</u>	<u>55,178</u>	<u>61,320</u>
LIABILITIES						
Current liabilities	42,183	44,191	586	1,150	42,769	45,340
Long-term liabilities	536,077	497,845	5,324	5,038	541,401	502,883
Total liabilities	<u>578,260</u>	<u>542,036</u>	<u>5,910</u>	<u>6,188</u>	<u>584,171</u>	<u>548,223</u>
DEFERRED INFLOWS						
Deferred credits OPEB and proportionate share of PSERS	29,762	58,209	76	562	29,838	58,772
NET POSITION (DEFICIT)						
Net investment in capital assets	31,013	32,194	169	218	31,182	32,412
Restricted	21,739	18,854	-	-	21,739	18,854
Restricted for capital projects	22,697	13,249	-	-	22,697	13,249
Unrestricted (deficit)	<u>(288,133)</u>	<u>(292,622)</u>	<u>3,565</u>	<u>2,865</u>	<u>(284,568)</u>	<u>(289,757)</u>
Total net position (deficit)	<u>\$(212,683)</u>	<u>\$(228,325)</u>	<u>\$3,734</u>	<u>\$3,083</u>	<u>\$(208,949)</u>	<u>\$(225,242)</u>

Overall, the District's financial position is stable, but challenges such as increased medical costs, pension contributions, charter school tuitions, state-mandated programs and negotiated contracts have a potential to offset these gains in future fiscal years. Management of the District is consistently implementing cost-cutting and revenue-generating strategies to combat these factors with more efficient and effective program design. The District's financial position is a product of many factors. In the governmental activities, the District's tax base drives the majority of the revenue generated. Tax revenues increased primarily due to increased property taxes revenue, which grew as a result of a 2.85% rate increase on all classes of property, as well as an average increase of less than 1% in the taxable property values, driven by increased local real estate market values. The District consists of two municipalities: the City of Lancaster and Lancaster Township. The assessed values of both municipalities remain relatively flat over time and have been stretched thin because of the urban setting that the District encompasses. In the business-type activities (food service), the operation continues to be a very efficiently run operation due to the streamlined food production system that utilizes pre-packaged items. These implementations are less labor-intensive. The district food service returned to pre-pandemic subsidy levels.

SCHOOL DISTRICT OF LANCASTER

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2023

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
REVENUES						
Program revenues						
Charges for services	\$ 741	\$ 903	\$ 197	\$ 19	\$ 938	\$ 922
Operating grants and contributions	93,423	82,631	7,822	8,255	101,245	90,885
Capital grants and contributions	-	-	-	-	-	-
General revenues						
Property taxes and other taxes levied for general purposes	79,733	78,587	-	-	79,733	78,587
Taxes levied for specific purposes	12,478	11,611	-	-	12,478	11,611
Grants, subsidies and contributions not restricted to specific programs	75,549	72,087	-	-	75,549	72,087
Investment earnings	-	-	3	1	3	1
Other	7,342	2,745	-	-	7,342	2,745
Total revenues	<u>269,266</u>	<u>248,563</u>	<u>8,023</u>	<u>8,275</u>	<u>277,289</u>	<u>256,838</u>
EXPENSES						
Instruction	159,131	157,530	-	-	159,131	157,530
Instructional student support services	32,778	30,548	-	-	32,778	30,548
Administrative and financial support services	23,276	24,671	-	-	23,276	24,671
Operation and maintenance of plant services	19,438	18,268	-	-	19,438	18,268
Pupil transportation	7,248	6,610	-	-	7,248	6,610
Student activities	2,303	1,947	-	-	2,303	1,947
Community services	810	604	-	-	810	604
Food service	-	-	7,261	6,267	7,261	6,267
Interest on long-term debt	8,749	7,516	-	-	8,749	7,516
Total expenses	<u>253,734</u>	<u>247,695</u>	<u>7,261</u>	<u>6,267</u>	<u>260,995</u>	<u>253,961</u>
Change in net position (deficit) before transfers	15,532	868	762	2,008	16,294	2,877
Transfers	111	104	(111)	(104)	-	-
CHANGE IN NET POSITION, (DEFICIT)	15,643	972	651	(1,905)	16,294	2,877
NET POSITION (DEFICIT)						
Beginning of year	(228,326)	(229,295)	3,083	1,180	(225,238)	(228,115)
End of Year	<u>\$(212,683)</u>	<u>\$(228,323)</u>	<u>\$3,735</u>	<u>\$3,084</u>	<u>\$(208,944)</u>	<u>\$(225,238)</u>

SCHOOL DISTRICT OF LANCASTER

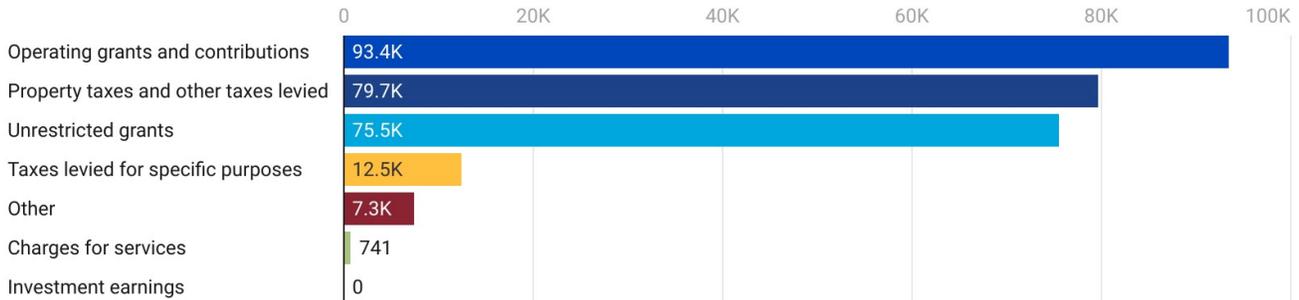
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2023

To the degree that the District's functions or programs cost more than they raise, the *Statement of Activities* shows how the District chose to finance the difference through general revenues. The following chart shows that the District relies on tax revenues and grants and entitlements not restricted for specific programs to finance its governmental activities.

Revenue by Source Governmental Activities

(Dollar amounts in thousands)



The *Statement of Activities* provides detail that focuses on how the District finances its services. The *Statement of Activities* compares the costs of the District functions and programs with the resources those functions and programs generate themselves in the form of program revenues. As demonstrated by the following graph, all of the District's governmental activities are not self-supporting, raising enough program revenue to cover their costs, as most traditional governmental services are not.

Expenses & Program Revenue: Governmental Activities 2023

(Dollar amounts in thousands)

	Instruction	Instructional Student Support	Admin. & Finl Support Services	Op & Main of Plant Svcs	Interest on Long-Term Debt	Pupil Transportation	Student Activities	Community Services
Expenses	159.1K	32.8K	23.3K	19.4K	8.7K	7.2K	2.3K	810
Program Revenues	77.8K	3.7K	3.1K	331	6.4K	2.4K	352	22

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

FINANCIAL ANALYSIS OF THE DISTRICT FUNDS

Governmental Funds

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

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$81.5 million. Approximately \$12.2 million, or 15 percent of this total, constitutes the general fund unassigned fund balance, which is available for spending at the District's discretion. In addition, approximately \$42.0 million, or 51 percent is restricted for capital projects in the Capital Projects Fund. The remainder of the fund balance is considered non-spendable, restricted, committed or assigned to indicate that it is not available for use.

SCHOOL DISTRICT OF LANCASTER

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2023

The General Fund is the District's primary operating fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$12.2 million, while the total fund balance decreased to \$17.9 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents 5 percent of total General Fund expenditures, while total fund balance represents approximately 7 percent of that same amount. The Pennsylvania Department of Education has a limit of 8 percent of fund balance to be designated as unassigned. This limit only applies at the time when a District sets its annual Budget. The District will make the necessary adjustments and long-term planning decisions to allocate the amount that is currently over this limit during the 2023-2024 fiscal year prior to the adoption of the 2024-2025 annual budget.

The fund balance of the District's General Fund decreased \$4.8 million during the current fiscal year. The decrease resulted primarily due to salary adjustments to the AFSCME contract as part of the districts market rate study of approximately \$2.0MM and due to a board approved general fund transfer to the healthcare fund of \$2.5 million to offset the rising healthcare costs.

At June 30, 2023, the General Fund balance includes \$2.5 million committed for fiscal stabilization as well as \$2.75 million assigned to repairs and maintenance contingency.

The Capital Projects Fund has a total fund balance of \$42.0 million, all of which is restricted for capital improvement projects. The Capital Projects Fund receives funding from bond issues that have been restricted to fund various building construction and improvement projects and transfers from the General Fund.

Proprietary Funds

Unrestricted net position of the Food Service Fund amounted to \$3.6 million at June 30, 2023. The total increase in net position for this fund was \$650 thousand.

Unrestricted net position of the self-insurance Internal Service Fund presented a balance of (\$3.6) million at June 30, 2023, which is a decrease of \$1.1 million from the prior year. Over the past five years, the District has utilized fund balance to fund the employee Health Savings Accounts for the High Deductible Plan with the understanding that at some point in the future additional contributions would need to be made to the fund. Also, during the current fiscal year, the District incurred several high-cost claimants that were unanticipated. The District will implement a funding strategy to adjust the underfunding in the 2023-2024 fiscal year and continue to monitor the net position in accordance with the cash flow budget.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District maintains its financial records and prepares its financial reports on the modified accrual basis of accounting. The District budgets and expends funds according to procedures mandated by the Pennsylvania Department of Education. An annual operating budget is prepared by management and submitted to the School Board for approval prior to the beginning of the fiscal year on July 1 each year. The most significant budgeted fund is the General Fund.

The 2022-2023 General Fund budget included a 2.9 percent increase in total revenues and 3.5 percent increase in expenditures to that of the prior year. For 2022-2023 there were no modifications to the original and final budget.

Major budgetary variances are comprised of the following:

- Local sources had a favorable variance of \$5.8 million due to earned income taxes \$1.9 million, transfer tax of \$900 thousand, \$600 thousand related to delinquent tax sale that was not budgeted, and \$1.7 million in additional interest income above the budget and \$700 thousand in other miscellaneous items.
- State sources had a favorable variance of \$5.4 million due to \$4.6 million in additional Basic Education and Social Security funding. Also, there was an additional \$622 thousand in rental reimbursement revenue.

SCHOOL DISTRICT OF LANCASTER

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2023

- Other instructional programs had an unfavorable variance of \$1.7 million due to additional resources allocated to our Summer School programs and other instructional programs outside of the classroom. The District was able to leverage federal ARP ESSER dollars to help accelerate learning loss. These federal funds were provided to school districts to help safely reopen and sustain the safe operation of schools and address the impact of the coronavirus pandemic on the nation's students.
- Pupil personnel services had an unfavorable variance of \$1.8 million due primarily to expenditures for services provided for social and emotional health.
- Instructional staff services was favorable by \$4.8 million due primarily to computer assisted instruction and instruction and curriculum instruction that were \$1.7 million and \$3.1 million less than budget, respectively.
- Operation and maintenance of plant services had an unfavorable variance of \$4.6 million due to unanticipated repairs and maintenance of \$1.2 million including HVAC upgrades at multiple buildings and a water main break repairs at Phoenix Academy, \$1.0 million in leases, \$1.0 million in supplies and other operational and maintenance expenses. Offset by \$1.4 million in favorable variance in facilities acquisitions.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental and business-type activities as of June 30, 2023 amounts to \$216.6 million (net of accumulated depreciation). This represents an increase of \$20.8 million. The following table shows the breakdown of this figure.

	Governmental Activities	Business-Type Activities	Totals	
			2023	2022
Land	\$ 3,488,357	\$ -	\$ 3,488,357	\$ 3,488,357
Construction-in-progress	57,868,268	-	57,868,268	71,208,480
Buildings and improvements	287,061,566	-	287,061,566	264,296,665
Land improvements	7,269,688	-	7,269,688	7,269,688
Furniture and equipment	5,811,250	903,566	6,714,816	6,165,210
Vehicles	1,201,556	426,513	1,628,069	1,506,760
Accumulated depreciation	(145,750,765)	(1,161,178)	(146,911,943)	(138,217,592)
Lease Assets	3,770,334	-	3,770,334	1,655,424
Accumulated amortization	(1,767,782)	-	(1,767,782)	(756,708)
Subscription Assets	548,903	-	548,903	548,903
Accumulated amortization	(363,192)	-	(363,192)	(240,756)
Total	<u>\$ 219,138,183</u>	<u>\$ 168,901</u>	<u>\$ 219,307,084</u>	<u>\$ 216,924,431</u>

Major capital asset events during the current fiscal year included the following:

- The District completed renovations to Smith-Wade-El Elementary School and made renovations to Wickersham Elementary School and Lincoln Middle School during the year.

Additional information on the District's capital assets can be found in Note 5 on pages 49 and 50 of this report.

Long-term debt

At the end of the current fiscal year, the District had total bonded debt outstanding of \$195.6 million. This figure represents the outstanding principal due on these obligations.

SCHOOL DISTRICT OF LANCASTER

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2023

	<u>June 30, 2023</u>
2010 QSCB	\$ 30,000,000
2011 QSCB	34,789,000
2016 A Issue	19,970,000
2016 B Issue	14,825,000
2018 Issue	9,980,000
2019 Issue	9,980,000
2019 Series A	18,620,000
2019 Series B	4,875,000
2020 Issue	21,540,000
2022 Issue	<u>31,045,000</u>
Total	<u>\$195,624,000</u>

The District's total general obligation debt increased by \$23.8 million during the current fiscal year. In addition to general obligation debt, the District has \$2.0 million outstanding in leases payable.

Under the Local Government Unit Debt Act of Pennsylvania, the borrowing capacity of the District is calculated in accordance with provisions of the Act, which describes the applicable debt limits. The District may incur both electoral and nonelectoral debt. Electoral debt has no limit, but must be approved by a majority of the District's voters. Nonelectoral debt is limited to 225 percent of District's borrowing base. The current legal debt limitation is \$549 million, which is significantly in excess of the District's outstanding general obligation debt. Additional information can be found on page 90 in the statistical section of the report.

The District reports its allocated portion of its defined benefit unfunded benefit obligations related to its participation in PSERS and its single employer defined benefit plan. The District's allocated portion of the net pension and other post employment benefit liability is an actuarially determined estimate of the unfunded cost of the pension plan and other post employment benefit obligation which totaled \$324.7 million as of June 30, 2023. The District's net pension and other post employment liabilities increased by \$14.8 million or 4.8 percent during the fiscal year.

Additional information on the District's long-term debt can be found in Note 7 on pages 50 through 53 of this report.

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The District passed a budget for 2023-2024 that will allocate over \$446 thousand of the fund reserves to balance the budget which equates to a \$5.2 million utilization over the past two years of planned reserves.
- Act 1 of 2006 puts a ceiling on the amount of real estate taxes a school district can levy.
 - That in the event a school district wishes to increase the property tax millage rate by more than an index annually prescribed by the state, the school district must seek voter approval (known commonly as a "back-end referendum") prior to implementing the millage rate increase. In the event voters do not approve the millage rate increase, the school district must limit its millage rate increase to the index.
 - Certain exceptions are provided under Act 1 that, if approved by the appropriate authority, may permit increases above the Act 1 index without the need for a back-end referendum. Typically, these exceptions relate to cost increases in excess of the Act 1 index (e.g., retirement system contributions and/or special education program expenses) over which the school district has no control.

SCHOOL DISTRICT OF LANCASTER

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2023

- Pension costs to the District associated with the Public School Employee Retirement System ("**PSERS**") continue to rise as the Pennsylvania pension system remains underfunded. The employer's rate for 2022-2023 was 35.26% and the rate for 2023-2024 is 34.00%. The projected rate for 2024-2025 is 34.73%. These pension costs continue to erode any new sources of revenue and impact core educational programs as the District balances the budget on an annual basis.
- The District completed financing in July 2022 for General Obligation Bonds in the aggregate principal amount of \$30.9 million. The proceeds of the Bonds will be used to finance Phase IV of our capital projects plan.
- The District's Phase IV, which is the final Phase of construction projects, estimated at \$200 million includes Price Elementary School, Burrowes Elementary School, Wheatland Elementary School, King Elementary School, Hamilton Elementary School, Carter MacRae Elementary School, Phoenix Academy, and athletic fields.
- During the 2022-2023 fiscal year, the District utilized the \$14.1 million of the \$42.4 million in funding related to the ARP ESSER funds. The remaining ARP ESSER funds will continue to be used to address the pandemic issues relating to social emotional needs of staff and students, curriculum, unfinished learning as well as extended day programs at all district buildings.
- During the 2022-2023 fiscal year, the District conducted a market rate study of AFSCME union positions in the district. As a result of this study, salary adjustments were made and the overall impact for salary and benefits was approximately \$2.0 million for the District.
- Interest rates and inflation rose consistently during the fiscal year due to the increase in the federal funds rate.
- The District continues to focus on a project-based Theory of Action plan to address educational issues in the district. Budget focus areas for the 2023-2024 year continue to include Teaching & Learning, Student Centered Climate & Culture, Community Engagement and Operational Effectiveness.
- The district continues to struggle post pandemic with maintaining staffing levels due to a lack of applicants especially in the classrooms.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the School District of Lancaster's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Chief of Finance and Operations, School District of Lancaster, 251 S. Prince Street, 3rd floor, Lancaster, PA 17603, or by calling (717) 291-6129 during business hours.

SCHOOL DISTRICT OF LANCASTER

STATEMENT OF NET POSITION (DEFICIT)

June 30, 2023 with summarized comparative data for June 30, 2022

	Governmental	Business-type	Totals	
	Activities	Activities	2023	2022
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS				
Cash and cash equivalents	\$ 76,697,708	\$ 183,990	\$ 76,881,698	\$ 53,916,186
Investments	-	-	-	1,500,000
Taxes receivable	2,213,204	-	2,213,204	2,097,703
Pledged taxes receivable	730,235	-	730,235	760,787
Internal balances	(8,468,564)	8,468,564	-	-
Due from other governments	24,039,076	-	24,039,076	21,971,579
Other receivables	3,017,740	2,212	3,019,952	2,564,953
Other assets	1,337,751	-	1,337,751	1,151,013
Inventories	134,247	132,455	266,702	420,227
Prepaid expenses	66,200	-	66,200	32,299
Prepaid bond issuance costs	280,646	-	280,646	238,967
Restricted assets				
Cash and cash equivalents with fiscal agent	9,941	-	9,941	456
Investments with fiscal agent	21,729,544	-	21,729,544	18,853,344
Capital assets				
Land	3,488,357	-	3,488,357	3,488,357
Construction-in-progress	57,868,268	-	57,868,268	71,208,480
Buildings and improvements	287,061,566	-	287,061,566	264,296,665
Land improvements	7,269,688	-	7,269,688	7,269,688
Furniture and equipment	5,811,250	903,566	6,714,816	6,165,210
Vehicles	1,201,556	426,513	1,628,069	1,506,760
Accumulated depreciation	(145,750,765)	(1,161,178)	(146,911,943)	(138,217,592)
Lease assets	3,770,334	-	3,770,334	1,655,424
Accumulated amortization	(1,767,782)	-	(1,767,782)	(756,708)
Subscription assets	548,903	-	548,903	548,903
Accumulated amortization	(363,192)	-	(363,192)	(240,756)
Total assets	<u>340,925,911</u>	<u>8,956,122</u>	<u>349,882,033</u>	<u>320,431,945</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on proportionate share of pension items	46,798,370	717,709	47,516,079	52,899,173
Deferred charges on bond refunding	504,860	-	504,860	631,074
Deferred charges on proportionate share of OPEB items	2,767,632	46,239	2,813,871	3,266,120
Deferred charges on district OPEB items	4,342,844	-	4,342,844	4,524,011
Total deferred outflows of resources	<u>54,413,706</u>	<u>763,948</u>	<u>55,177,654</u>	<u>61,320,378</u>
Total assets and deferred outflows of resources	<u>395,339,617</u>	<u>9,720,070</u>	<u>405,059,687</u>	<u>381,752,323</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)				
LIABILITIES				
Accounts payable	8,191,482	146,983	8,338,465	11,028,409
Accrued salaries and benefits	31,141,083	439,309	31,580,392	29,926,423
Accrued interest	1,562,408	-	1,562,408	1,485,549
Unearned revenues	1,287,843	-	1,287,843	2,899,986
Long-term liabilities				
Portion due or payable within one year				
Bonds payable	11,065,000	-	11,065,000	10,730,000
Leases payable	537,565	-	537,565	753,986
Subscription payable	123,198	-	123,198	121,636
Accumulated compensated absences/accrued retirement bonus	411,642	2,511	414,153	473,681
Portion due or payable after one year:				
Bonds payable	194,634,706	-	194,634,706	173,181,727
Leases payable	1,457,676	-	1,457,676	167,607
Subscription payable	65,638	-	65,638	188,836
Collateralized borrowing	3,333,176	-	3,333,176	2,980,373
Net pension liability - district PSERS proportionate share	285,993,346	5,077,654	291,071,000	267,608,000
Net OPEB liability - district PSERS OPEB proportionate share	11,845,701	213,299	12,059,000	15,439,000
Total OPEB liability - district OPEB	21,579,373	-	21,579,373	26,839,264
Accumulated compensated absences/accrued retirement bonus	5,030,242	30,689	5,060,931	4,398,793
Total liabilities	<u>578,260,079</u>	<u>5,910,445</u>	<u>584,170,524</u>	<u>548,223,270</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred credits on proportionate share of pension items	8,668,051	33,969	8,702,020	46,136,290
Deferred credits on proportionate share of OPEB items	2,877,217	42,143	2,919,360	215,475
Deferred credits on district OPEB items	18,217,045	-	18,217,045	12,419,744
Total liabilities and deferred inflows of resources	<u>29,762,313</u>	<u>76,112</u>	<u>29,838,425</u>	<u>58,771,509</u>
NET POSITION (DEFICIT)				
Net investment in capital assets	31,013,418	168,901	31,182,319	32,411,713
Restricted for debt service	21,739,485	-	21,739,485	18,853,800
Restricted for capital projects	22,697,183	-	22,697,183	13,248,925
Unrestricted (deficit)	(288,132,861)	3,564,612	(284,568,249)	(289,756,894)
Total net position (deficit)	<u>\$ (212,682,775)</u>	<u>\$ 3,733,513</u>	<u>\$ (208,949,262)</u>	<u>\$ (225,242,456)</u>

See accompanying notes

SCHOOL DISTRICT OF LANCASTER

STATEMENT OF ACTIVITIES

Year ended June 30, 2023 with summarized comparative data for the year ended June 30, 2022

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position (Deficit)</u>			
		<u>Charges for Services</u>	<u>Operating</u>	<u>Capital</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>	
			<u>Grants and Contributions</u>	<u>Grants and Contributions</u>			<u>2023</u>	<u>2022</u>
GOVERNMENTAL ACTIVITIES								
Instruction	\$ 159,131,311	\$ 661,812	\$ 77,169,611	\$ -	\$ (81,299,888)	\$ -	\$ (81,299,888)	\$ (87,070,335)
Instructional student support	32,778,085	-	3,662,359	-	(29,115,726)	-	(29,115,726)	(26,311,748)
Administrative and financial support services	23,275,843	-	3,078,120	-	(20,197,723)	-	(20,197,723)	(21,762,860)
Operation and maintenance of plant services	19,438,066	-	331,005	-	(19,107,061)	-	(19,107,061)	(17,981,800)
Pupil transportation	7,248,443	-	2,434,233	-	(4,814,210)	-	(4,814,210)	(4,542,104)
Student activities	2,303,175	77,318	352,047	-	(1,873,810)	-	(1,873,810)	(1,604,958)
Community services	809,581	1,500	20,583	-	(787,498)	-	(787,498)	(591,035)
Interest on long-term debt	8,749,165	-	6,374,837	-	(2,374,328)	-	(2,374,328)	(4,296,772)
Total governmental activities	<u>253,733,669</u>	<u>740,630</u>	<u>93,422,795</u>	<u>-</u>	<u>(159,570,244)</u>	<u>-</u>	<u>(159,570,244)</u>	<u>(164,161,612)</u>
BUSINESS-TYPE ACTIVITIES								
Food service	7,260,936	196,308	7,822,213	-	-	757,585	757,585	2,006,281
Total primary government	<u>\$ 260,994,605</u>	<u>\$ 936,938</u>	<u>\$ 101,245,008</u>	<u>\$ -</u>	<u>(159,570,244)</u>	<u>757,585</u>	<u>(158,812,659)</u>	<u>(162,155,331)</u>
GENERAL REVENUES								
Property taxes levied for general purposes					79,733,359	-	79,733,359	78,586,762
Earned income tax					9,878,564	-	9,878,564	8,947,781
Transfer tax					2,377,631	-	2,377,631	2,455,838
Local services tax					221,472	-	221,472	207,066
Grants and entitlements not restricted to specific programs					75,549,305	-	75,549,305	72,087,204
Investment earnings (losses)					2,983,918	3,492	2,987,410	(1,247,236)
Miscellaneous					4,358,112	-	4,358,112	3,993,668
TRANSFERS					110,699	(110,699)	-	-
Total general revenues and transfers					<u>175,213,060</u>	<u>(107,207)</u>	<u>175,105,853</u>	<u>165,031,083</u>
CHANGE IN NET POSITION (DEFICIT)					15,642,816	650,378	16,293,194	2,875,752
NET POSITION (DEFICIT)								
Beginning of year, restated					(228,325,591)	3,083,135	(225,242,456)	(228,118,208)
End of year					<u>\$ (212,682,775)</u>	<u>\$ 3,733,513</u>	<u>\$ (208,949,262)</u>	<u>\$ (225,242,456)</u>

See accompanying notes

SCHOOL DISTRICT OF LANCASTER

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2023 with summarized comparative data for June 30, 2022

	Major Funds			Totals	
	General Fund	Capital Project Funds	Debt Service	2023	2022
ASSETS					
Cash and cash equivalents	\$28,150,816	\$37,454,918	\$ -	\$ 65,605,734	\$42,960,257
Investments	-	-	-	-	1,500,000
Restricted assets					
Cash and cash equivalents with fiscal agent	-	-	9,941	9,941	456
Investments with fiscal agent	-	-	21,729,544	21,729,544	18,853,344
Taxes receivable	4,208,628	-	-	4,208,628	3,927,062
Due from other funds	-	5,309,999	-	5,309,999	4,081,102
Due from other governments	23,158,244	-	-	23,158,244	21,098,820
Other receivables	3,015,253	-	-	3,015,253	2,560,555
Other assets	1,337,751	-	-	1,337,751	1,151,013
Inventories	134,247	-	-	134,247	173,701
Prepaid items	66,200	-	-	66,200	32,299
Total assets	\$60,071,139	\$42,764,917	\$21,739,485	\$124,575,541	\$96,338,609
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Due to other funds	\$ 1,392,546	\$ 24,606	\$ -	\$ 1,417,152	\$ 2,439,594
Accounts payable	5,060,141	788,970	-	5,849,111	7,829,133
Accrued salaries, payroll withholdings and benefits	31,141,083	-	-	31,141,083	28,803,240
Unearned revenues	1,287,843	-	-	1,287,843	2,899,986
Total liabilities	38,881,613	813,576	-	39,695,189	41,971,953
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - property taxes	3,333,175	-	-	3,333,175	2,980,373
FUND BALANCES					
Nonspendable					
Inventories	134,247	-	-	134,247	173,701
Prepaid items	66,200	-	-	66,200	32,299
Restricted for					
Debt service	-	-	21,739,485	21,739,485	18,853,800
Capital projects	-	41,951,341	-	41,951,341	13,248,925
Committed to					
Fiscal stabilization	2,500,000	-	-	2,500,000	5,000,000
Assigned to					
Repairs and maintenance contingency	2,750,000	-	-	2,750,000	2,750,000
Student activities	220,215	-	-	220,215	220,215
Unassigned	12,185,689	-	-	12,185,689	11,107,343
Total fund balances	17,856,351	41,951,341	21,739,485	81,547,177	51,386,283
Total liabilities, deferred inflows of resources and liabilities	\$60,071,139	\$42,764,917	\$21,739,485	\$124,575,541	\$96,338,609

See accompanying notes

SCHOOL DISTRICT OF LANCASTER

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET POSITION (DEFICIT)

June 30, 2023

TOTAL GOVERNMENTAL FUND BALANCES \$ 81,547,177

Amounts reported for governmental activities in the statement of net position (deficit) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	\$ 3,488,357	
Construction in progress	57,868,268	
Buildings and improvements	287,061,566	
Land improvements	7,269,688	
Furniture and equipment	5,811,250	
Vehicles	1,201,556	
Accumulated depreciation	(145,750,765)	
Lease assets	3,770,334	
Accumulated amortization	(1,767,782)	
Subscription assets	548,903	
Accumulated amortization	<u>(363,192)</u>	219,138,183

Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position. (3,609,321)

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:

Bonds payable	(205,699,706)	
Leases payable	(1,995,241)	
Subscription payable	(188,836)	
Collateralized borrowing	(3,333,176)	
Accumulated compensated absences/accrued retirement bonus	(5,441,884)	
Net pension liability	(285,993,346)	
Net PSERS OPEB liability	(11,845,701)	
Total district OPEB liability	(21,579,373)	
Accrued interest	<u>(1,562,408)</u>	(537,639,671)

Refunded bonds resulted in deferred charges which will be amortized over the life of the new debt, but do not represent current rights. 504,860

Prepaid bond issuance costs resulted in deferred charges which will be amortized over the life of the new debt, but do not represent current rights. 280,646

Deferred charges on proportionate share of pension items 46,798,370

Deferred charges on proportionate share of OPEB items 7,110,476

Deferred credits on proportionate share of pension items (8,668,051)

Deferred credits on OPEB items (21,094,262)

Other assets are related to long-term debt are not available to pay for current-period expenditures and are therefore not reported in the funds. 880,831

Some of the District's revenues will be collected after year end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds less pledged revenues available in clearing account. See footnote 7. 2,067,987

NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES \$ (212,682,775)

See accompanying notes

SCHOOL DISTRICT OF LANCASTER

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

Year ended June 30, 2023 with summarized comparative data for the year ended June 30, 2022

	Major Funds			Totals	
	General Fund	Capital Project Funds	Debt Service	2023	2022
REVENUES					
Local sources	\$ 99,960,296	\$ 1,416,748	\$ (227,198)	\$ 101,149,846	\$ 94,342,294
State sources	134,227,701	-	-	134,227,701	120,035,149
Federal sources	33,723,980	-	-	33,723,980	34,489,764
Total revenues	<u>267,911,977</u>	<u>1,416,748</u>	<u>(227,198)</u>	<u>269,101,527</u>	<u>248,867,207</u>
EXPENDITURES					
Current:					
Instruction	155,320,391	-	-	155,320,391	150,459,376
Support services	81,525,542	418,582	-	81,944,124	77,520,649
Operation of noninstructional services	3,199,480	-	-	3,199,480	2,550,212
Facilities acquisition, construction, and improvement services	1,105,684	-	-	1,105,684	726,486
Capital outlay	-	8,192,150	-	8,192,150	15,001,616
Debt service:					
Principal	11,438,775	-	-	11,438,775	11,911,591
Interest	9,898,920	-	-	9,898,920	8,828,060
Total expenditures	<u>262,488,792</u>	<u>8,610,732</u>	<u>-</u>	<u>271,099,524</u>	<u>266,997,990</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>5,423,185</u>	<u>(7,193,984)</u>	<u>(227,198)</u>	<u>(1,997,997)</u>	<u>(18,130,783)</u>
OTHER FINANCING SOURCES (USES)					
Issuance of debt	5,736,112	31,045,000	-	36,781,112	4,189,312
Discount on issuance of debt	-	(632,920)	-	(632,920)	-
Transfers in	110,699	8,900,000	3,112,883	12,123,582	3,218,724
Transfers out	(16,112,883)	-	-	(16,112,883)	(5,615,018)
Total other financing sources (uses)	<u>(10,266,072)</u>	<u>39,312,080</u>	<u>3,112,883</u>	<u>32,158,891</u>	<u>1,793,018</u>
NET CHANGES IN FUND BALANCE	<u>(4,842,887)</u>	<u>32,118,096</u>	<u>2,885,685</u>	<u>30,160,894</u>	<u>(16,337,765)</u>
FUND BALANCES					
Beginning of year	<u>22,699,238</u>	<u>9,833,245</u>	<u>18,853,800</u>	<u>51,386,283</u>	<u>67,724,048</u>
End of year	<u>\$ 17,856,351</u>	<u>\$ 41,951,341</u>	<u>\$ 21,739,485</u>	<u>\$ 81,547,177</u>	<u>\$ 51,386,283</u>

See accompanying notes

SCHOOL DISTRICT OF LANCASTER

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES

Year ended June 30, 2023

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 30,160,894
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Capital outlays are reported in governmental funds as expenditures, either as district-wide (capital outlay) or function-specific (i.e. instruction, pupil services). However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which capital outlay (\$10,084,489) exceeded depreciation (\$8,634,190) in the period.</p>	1,450,299
<p>Leased and subscription assets are reported in governmental funds as expenditures, either as district-wide (capital outlay) or function-specific (i.e. instruction, pupil services). However, in the statement of activities, the cost of those assets is allocated over their useful lives as amortization expense. This is the amount by which amortization (\$2,114,910) exceeded new assets (\$1,133,510) in the period.</p>	981,400
<p>Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred tax revenues decreased by this amount this year.</p>	156,186
<p>Revenues in the governmental funds that provided current financial resources in the current year but are considered collateralized borrowing in the statement of net position. Repayment of this borrowing is an expenditure in the governmental funds, but reduces the liability in the statement of net position. This is the amount by which the proceeds exceeded repayments.</p>	(352,803)
<p>The internal service fund, which is used by management to charge the costs of certain activities, such as insurance to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities.</p>	(1,135,548)
<p>The issuance of long-term debt provides current financial resources to governmental funds but issuing debt increases long-term liabilities in the statements of net position. Repayment of principal of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which proceeds exceeded repayments.</p>	(24,777,012)
<p>Governmental funds report issuance costs and bond discounts as expenditures and deferred bond refunding option proceeds and bond premiums as revenue. However, these amounts are reported on the statement of net position as deferred charges and credits and are amortized over the life of the debt.</p>	1,952,485
<p>Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employer contributions is reported as pension expense.</p>	8,370,035
<p>Debt service subsidy reimbursements in the statement of activities differs from the amount reported in the governmental funds because debt service related payments are recognized as expenditures in the funds when it is due, therefore the related subsidy reimbursements is recognized as the related debt payment is accrued, regardless of when it is due.</p>	8,073
<p>Under the modified accrual basis of accounting used in the governmental funds expenditures are not recognized for the transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available.</p>	
<p style="padding-left: 40px;">Increase in bond interest accrual</p>	(76,859)
<p style="padding-left: 40px;">Net OPEB liability and related deferrals</p>	(496,316)
<p style="padding-left: 40px;">Increase in compensated absences</p>	(598,018)
CHANGE IN NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES	<u>\$ 15,642,816</u>

See accompanying notes

SCHOOL DISTRICT OF LANCASTER

BUDGETARY COMPARISON STATEMENT - GENERAL FUND

Year ended June 30, 2023

	Budgeted Amounts		Actual (GAAP Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local sources	\$ 94,126,026	\$ 94,126,026	\$ 99,960,296	\$ 5,834,270
State sources	128,798,480	128,798,480	134,227,701	5,429,221
Federal sources	34,990,821	34,990,821	33,723,980	(1,266,841)
Total revenues	<u>257,915,327</u>	<u>257,915,327</u>	<u>267,911,977</u>	<u>9,996,650</u>
EXPENDITURES				
Instruction				
Regular programs	101,441,660	101,441,660	97,370,146	4,071,514
Special programs	38,810,985	38,810,985	39,811,128	(1,000,143)
Vocational programs	2,157,983	2,157,983	1,758,235	399,748
Other instructional programs	8,086,060	8,086,060	9,743,840	(1,657,780)
Nonpublic school programs	-	-	100,618	(100,618)
Community/junior college education programs	111,676	111,676	63,283	48,393
Pre-kindergarten programs	5,584,146	5,584,146	6,473,141	(888,995)
Total instruction	<u>156,192,510</u>	<u>156,192,510</u>	<u>155,320,391</u>	<u>872,119</u>
Support services				
Pupil personnel services	13,742,325	13,742,325	15,545,259	(1,802,934)
Instructional staff services	18,026,378	18,026,378	13,244,645	4,781,733
Administrative services	11,701,181	11,701,181	12,194,676	(493,495)
Pupil health	3,588,530	3,588,530	3,287,582	300,948
Business services	3,402,064	3,402,064	3,707,335	(305,271)
Operation and maintenance of plant services	15,423,495	15,423,495	19,980,837	(4,557,342)
Student transportation services	6,429,184	6,429,184	7,261,907	(832,723)
Central support services	6,121,883	6,121,883	6,256,653	(134,770)
Other support services	45,000	45,000	46,648	(1,648)
Total support services	<u>78,480,040</u>	<u>78,480,040</u>	<u>81,525,542</u>	<u>(3,045,502)</u>
Operation of noninstructional services				
Student activities	2,226,287	2,226,287	2,383,652	(157,365)
Community services	464,331	464,331	815,828	(351,497)
Total operation of noninstructional services	<u>2,690,618</u>	<u>2,690,618</u>	<u>3,199,480</u>	<u>(508,862)</u>
Facilities acquisition, construction, and improvement services				
Existing building improvement services	2,709,456	2,709,456	1,105,684	1,603,772
Total facilities, construction and improvement services	<u>2,709,456</u>	<u>2,709,456</u>	<u>1,105,684</u>	<u>1,603,772</u>
Debt service				
Principal	4,756,276	4,756,276	11,438,775	(6,682,499)
Interest	15,880,800	15,880,800	9,898,920	5,981,880
Total debt service	<u>20,637,076</u>	<u>20,637,076</u>	<u>21,337,695</u>	<u>(700,619)</u>
Total expenditures	<u>260,709,700</u>	<u>260,709,700</u>	<u>262,488,792</u>	<u>(1,779,092)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,794,373)</u>	<u>(2,794,373)</u>	<u>5,423,185</u>	<u>8,217,558</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	4,400,000	4,400,000	5,736,112	1,336,112
Transfers in	250,000	250,000	110,699	(139,301)
Transfers out	(3,510,000)	(3,510,000)	(16,112,883)	(12,602,883)
Total other financing sources (uses)	<u>1,140,000</u>	<u>1,140,000</u>	<u>(10,266,072)</u>	<u>(11,406,072)</u>
NET CHANGE IN FUND BALANCE	<u>(1,654,373)</u>	<u>(1,654,373)</u>	<u>(4,842,887)</u>	<u>(3,188,514)</u>
FUND BALANCE				
Beginning of year	22,699,238	22,699,238	22,699,238	-
End of year	<u>\$ 21,044,865</u>	<u>\$ 21,044,865</u>	<u>\$ 17,856,351</u>	<u>\$ (3,188,514)</u>

See accompanying notes

SCHOOL DISTRICT OF LANCASTER

STATEMENT OF FUND NET POSITION (DEFICIT) - PROPRIETARY FUNDS

June 30, 2023 with summarized comparative data for June 30, 2022

	Major Fund		Totals	
	Food Service Fund	Internal Service Fund	2023	2022
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 183,990	\$ 11,091,974	\$ 11,275,964	\$ 10,955,929
Due from other funds	8,468,564	-	8,468,564	8,115,401
Other receivables	2,212	2,487	4,699	4,398
Inventories	132,455	-	132,455	246,526
Total current assets	<u>8,787,221</u>	<u>11,094,461</u>	<u>19,881,682</u>	<u>19,322,254</u>
CAPITAL ASSETS				
Furniture and equipment	903,566	-	903,566	892,451
Vehicles	426,513	-	426,513	426,513
Accumulated depreciation	(1,161,178)	-	(1,161,178)	(1,101,017)
Capital assets, net	<u>168,901</u>	<u>-</u>	<u>168,901</u>	<u>217,947</u>
Total assets	<u>8,956,122</u>	<u>11,094,461</u>	<u>20,050,583</u>	<u>19,540,201</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on proportionate share of pension items	717,709	-	717,709	695,165
Deferred charges on proportionate share of OPEB items	46,239	-	46,239	54,100
Total deferred outflows of resources	<u>763,948</u>	<u>-</u>	<u>763,948</u>	<u>749,265</u>
Total assets and deferred outflows of resources	<u>9,720,070</u>	<u>11,094,461</u>	<u>20,814,531</u>	<u>20,289,466</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
CURRENT LIABILITIES				
Accounts payable	146,983	2,342,371	2,489,354	3,199,276
Accrued salaries, payroll withholdings and benefits	439,309	-	439,309	1,123,183
Due to other funds	-	12,361,411	12,361,411	9,756,909
Accrued compensated absences	2,511	-	2,511	2,776
Total current liabilities	<u>588,803</u>	<u>14,703,782</u>	<u>15,292,585</u>	<u>14,082,144</u>
NONCURRENT LIABILITIES				
Accrued compensated absences/retirement bonuses	30,689	-	30,689	25,832
Net pension liability - district PSERS proportionate share	5,077,654	-	5,077,654	4,749,172
Net OPEB liability - district PSERS proportionate share	213,299	-	213,299	260,619
Total noncurrent liabilities	<u>5,321,642</u>	<u>-</u>	<u>5,321,642</u>	<u>5,035,623</u>
Total liabilities	<u>5,910,445</u>	<u>14,703,782</u>	<u>20,614,227</u>	<u>19,117,767</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred credits on proportionate share of pension items	33,969	-	33,969	558,048
Deferred credits on proportionate share of OPEB items	42,143	-	42,143	4,289
Total deferred inflows of resources	<u>76,112</u>	<u>-</u>	<u>76,112</u>	<u>562,337</u>
Total liabilities and deferred inflows of resources	<u>5,986,557</u>	<u>14,703,782</u>	<u>20,690,339</u>	<u>19,680,104</u>
NET POSITION				
Investment in capital assets	168,901	-	168,901	217,947
Unrestricted (deficit)	3,564,612	(3,609,321)	(44,709)	391,415
TOTAL NET POSITION (DEFICIT)	<u>\$ 3,733,513</u>	<u>\$ (3,609,321)</u>	<u>\$ 124,192</u>	<u>\$ 609,362</u>

See accompanying notes

SCHOOL DISTRICT OF LANCASTER

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION (DEFICIT) - PROPRIETARY FUNDS

Year ended June 30, 2023 with summarized comparative data for the year ended June 30, 2022

	<u>Major Fund</u>		<u>Totals</u>	
	<u>Food Service Fund</u>	<u>Internal Service Fund</u>	<u>2023</u>	<u>2022</u>
OPERATING REVENUES				
Charges for services	\$ 196,308	\$25,978,942	\$ 26,175,250	\$ 24,186,730
OPERATING EXPENSES				
Salaries	1,558,543	-	1,558,543	1,413,207
Employee benefits	1,049,219	30,139,759	31,188,978	30,806,821
Claims administration and stop loss insurance	-	1,375,024	1,375,024	991,044
Purchased professional and technical service	51,428	-	51,428	4,597
Purchased property service	129,085	-	129,085	32,254
Other purchased service	790	-	790	656
Supplies	4,411,068	101	4,411,169	3,666,108
Depreciation	60,161	-	60,161	71,088
Dues and fees	642	69,464	70,106	68,916
Total operating expenses	<u>7,260,936</u>	<u>31,584,348</u>	<u>38,845,284</u>	<u>37,054,691</u>
Operating loss	<u>(7,064,628)</u>	<u>(5,605,406)</u>	<u>(12,670,034)</u>	<u>(12,867,961)</u>
NONOPERATING REVENUES				
Earnings on investments	3,492	369,858	373,350	13,832
State sources	536,695	-	536,695	389,326
Federal sources	7,285,518	-	7,285,518	7,865,252
Total nonoperating revenues	<u>7,825,705</u>	<u>369,858</u>	<u>8,195,563</u>	<u>8,268,410</u>
Income (loss) before transfers	761,077	(5,235,548)	(4,474,471)	(4,599,551)
TRANSFERS IN (OUT)	<u>(110,699)</u>	<u>4,100,000</u>	<u>3,989,301</u>	<u>2,396,294</u>
CHANGE IN NET POSITION (DEFICIT)	650,378	(1,135,548)	(485,170)	(2,203,257)
NET POSITION (DEFICIT)				
Beginning of year	<u>3,083,135</u>	<u>(2,473,773)</u>	<u>609,362</u>	<u>2,812,619</u>
End of year	<u>\$ 3,733,513</u>	<u>\$ (3,609,321)</u>	<u>\$ 124,192</u>	<u>\$ 609,362</u>

See accompanying notes

SCHOOL DISTRICT OF LANCASTER

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

Year ended June 30, 2023 with summarized comparative data for the year ended June 30, 2022

	<u>Major Fund</u>		<u>Totals</u>	
	<u>Food Service Fund</u>	<u>Internal Service Fund</u>	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 196,308	\$ -	\$ 196,308	\$ 46,829
Cash received from assessments made to other funds	-	28,583,143	28,583,143	26,504,614
Cash payments to employees for services	(3,506,790)	-	(3,506,790)	(1,945,763)
Cash payments for insurance services	-	(32,414,651)	(32,414,651)	(29,052,710)
Cash payments to suppliers for goods and services	(4,358,561)	-	(4,358,561)	(3,905,667)
Cash payments for interfund services used	(353,163)	-	(353,163)	(3,313,594)
Net cash used for operating activities	(8,022,206)	(3,831,508)	(11,853,714)	(11,666,291)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State sources	536,695	-	536,695	414,074
Federal sources	7,285,518	-	7,285,518	8,792,590
Transfers (out) in	(110,699)	4,100,000	3,989,301	2,396,294
Net cash provided by noncapital financing activities	7,711,514	4,100,000	11,811,514	11,602,958
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(11,115)	-	(11,115)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Earnings on investments	3,492	369,858	373,350	13,832
Net (decrease) increase in cash and cash equivalents	(318,315)	638,350	320,035	(49,501)
CASH AND CASH EQUIVALENTS				
Beginning of year	502,305	10,453,624	10,955,929	11,005,430
End of year	\$ 183,990	\$ 11,091,974	\$ 11,275,964	\$ 10,955,929
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES				
Operating loss	\$ (7,064,628)	\$ (5,605,406)	\$ (12,670,034)	\$ (12,867,961)
Adjustments to reconcile operating income (loss) to net cash used for operating activities				
Depreciation	60,161	-	60,161	71,088
(Increase) decrease in				
Other receivables	-	(301)	(301)	29,818
Due from other funds	(353,163)	-	(353,163)	(3,313,594)
Inventories	114,071	-	114,071	(143,560)
Deferred outflows - pension items	(22,544)	-	(22,544)	78,599
Deferred outflows - OPEB items	7,861	-	7,861	(15,455)
Increase (decrease) in				
Due to other funds	-	2,604,502	2,604,502	2,334,895
Accounts payable	120,381	(830,303)	(709,922)	1,677,088
Accrued salaries and benefits	(683,874)	-	(683,874)	608,290
Accrued compensated absences/retirement bonuses	4,592	-	4,592	(12,271)
Net pension liability	328,482	-	328,482	(557,942)
Net OPEB liability	(47,320)	-	(47,320)	23,280
Deferred inflows - pension items	(524,079)	-	(524,079)	423,112
Deferred inflows - OPEB items	37,854	-	37,854	(1,678)
Net cash used for operating activities	\$ (8,022,206)	\$ (3,831,508)	\$ (11,853,714)	\$ (11,666,291)

See accompanying notes

SCHOOL DISTRICT OF LANCASTER

STATEMENT OF FIDUCIARY NET POSITION - CUSTODIAL FUNDS

June 30, 2023 with summarized comparative data for June 30, 2022

	Totals	
	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	<u>\$206,583</u>	<u>\$235,930</u>
Total assets	<u>206,583</u>	<u>235,930</u>
LIABILITIES		
Other current liabilities	<u>72,401</u>	<u>103,765</u>
Total liabilities	<u>72,401</u>	<u>103,765</u>
NET POSITION		
Restricted for homeless activities	42,204	31,052
Restricted for student activities	<u>91,978</u>	<u>101,113</u>
Total net position	<u>\$134,182</u>	<u>\$132,165</u>

See accompanying notes

SCHOOL DISTRICT OF LANCASTER

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CUSTODIAL FUNDS

Year ended June 30, 2023 with summarized comparative data for the year ended June 30, 2022

	<u>Totals</u>	
	<u>2023</u>	<u>2022</u>
ADDITIONS		
Local contributions	\$ 97,787	\$ 73,581
	<u>97,787</u>	<u>73,581</u>
DEDUCTIONS		
Homeless expenses	-	9,833.00
Student activity expenses	<u>95,770</u>	<u>75,786</u>
Total deductions	<u>95,770</u>	<u>85,619</u>
CHANGE IN NET POSITION	2,017	(12,038)
NET POSITION		
Beginning of year	<u>132,165</u>	<u>144,203</u>
End of year	<u>\$134,182</u>	<u>\$132,165</u>

See accompanying notes

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The School District of Lancaster (the "**District**") operates 12 elementary schools, a K-8 school which includes an early childhood center, four middle schools and one high school in two buildings to provide education and related services to the residents of the City of Lancaster and Lancaster Township. The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provisions of the School Laws of Pennsylvania as a school district of the second class. The District operates under a locally elected nine-member Board form of government (the "**School Board**").

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

Reporting Entity

GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, established the criteria for determining the activities, organizations, and functions of government to be included in the financial statements of the reporting entity. The criteria used in determining whether such organizations should be included in the District's financial reporting entity are financial interdependencies, selection of governing authority, accountability for fiscal matters, scope of public service and special financing relationships.

The District has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the District's financial statements. In addition, the District is not aware of any entity which would exercise such oversight which would result in the District being considered a component unit of the entity.

Joint Ventures

Lancaster County Career and Technology Center

The District is one of 16 member school districts of the Lancaster County Career and Technology Center ("**LCCTC**"). The LCCTC provides vocational-technical training and education to participating students of the member school districts. The LCCTC is controlled and governed by the Area Career and Technology Center Board for Lancaster County, which is composed of school board members of all the member districts. The District's share of annual operating costs for the LCCTC fluctuates based upon the percentage of enrollment of each member school district. The District's share of annual operating costs to the LCCTC for the year ended June 30, 2023 was \$586,785. The financial statements of the LCCTC can be obtained from the Administration Office at 1730 Hans Herr Drive, Willow Street, PA 17584.

Lancaster County Career and Technology Center Authority

The District is also a member of the Lancaster County Career and Technology Center Authority (the "**Authority**"). In 1968, the Authority entered into an agreement with the member school districts and the LCCTC Board to acquire land and construct buildings to provide the facilities for the operation of the LCCTC. In 1995, the Authority entered into an additional agreement with the member school districts to provide funding for the upgrading and modernization of the LCCTC facilities. In 1998, the Authority and the member school districts agreed to advance refund the Authority's 1995 bonds. The District has an ongoing financial responsibility to the Authority for a portion of the debt obligation relating to these improvements. The financial statements of the Authority can be obtained from the Administration Office at 1730 Hans Herr Drive, Willow Street, PA 17584.

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

In 2010, the LCCTC entered into an agreement with its member school districts to preserve their debt funding. This agreement was established to allow for a future capital projects bond issue. The Joint Operating Committee included a capital reserve fund for the LCCTC to accumulate these resources for future use. This would allow the member districts to preserve the debt payments within each of their respective budgets in order to continue with facility upgrades at the LCCTC. These funds could also be used to initiate capital projects during the interim which would reduce the impact of a future bond issue as well as lower finance costs associated with the bond financing and would be issued in three different series over three years.

On June 29, 2012, LCCTC issued Guaranteed Lease Revenue Bonds, Series of 2012, totaling \$9,995,000. On February 2017, LCCTC refinanced Guaranteed Lease Revenue Bonds, Series of 2013 and issued Guaranteed Lease Revenue Bonds, Series of 2017, totaling \$9,380,000. The LCCTC issued Guaranteed Lease Revenue Bonds, Series of 2014, totaling \$3,900,000 on July 9, 2014 which was the final of the three series. These bonds were issued for the purpose of providing funds for renovations and additions and various other ongoing and proposed capital projects on LCCTC facilities. The District's share of rent expense for 2022-2023 totaled \$118,036.

The District's lease rental obligations for minimum rental payments related to the issued debt are as follows:

Year ended June 30:

2024	\$ 117,547
2025	117,854
2026	118,470
2027	117,664
2028	116,959
2029-2033	579,866
2034-2037	<u>461,984</u>
	<u>\$1,630,344</u>

Lancaster-Lebanon Joint Authority

The District is a member of the Lancaster-Lebanon Joint Authority (the "**Joint Authority**"). The Joint Authority was incorporated on February 14, 1980 under the Municipality Authorities Act of 1945, Act of May 2, 1945, P.L. 382, as amended by the Boards of School Directors of the 22 school districts located in Lancaster and Lebanon counties. The school districts established the Joint Authority for the purposes of acquiring, holding, constructing, improving, maintaining, operating, owning and/or leasing projects for public school purposes and for the purposes of the Lancaster-Lebanon Intermediate Unit No. 13. The District did not have any financial transactions with the Joint Authority during the year ended June 30, 2023. The financial statements of the Joint Authority can be obtained from the Administrative Office at 1020 New Holland Avenue, Lancaster, PA 17601.

Lancaster County Tax Collection Bureau

The District participates with 16 other school districts and the municipalities represented by those school districts for the collection of earned income taxes through the Lancaster County Tax Collection Bureau (the "**Bureau**"). Each public school district appoints one member to serve on the Joint Operating Committee and 16 members are appointed by the participating municipalities. The Bureau's operating expenditures are deducted from the distributions which are made quarterly. The financial statements of the Bureau can be obtained from the Administrative Office at 1845 William Penn Way, Lancaster, PA 17601.

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Basis of Presentation

Government-Wide Financial Statements

The statement of net position (deficit) and the statement of activities display information about the District as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities. These statements include the primary financial activities of the District, except for fiduciary funds.

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

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting as further defined under proprietary funds below. 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. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements of governmental funds.

Fund Financial Statements

During the school year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. The nonmajor governmental funds are presented in a single column on the governmental fund financial statements. Fiduciary fund financial statements are presented by fund type.

Governmental Funds

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The Capital Projects Fund is used to account for the acquisition, construction and renovation of major capital facilities and other capital purchases.

The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Revenue Recognition

In applying the "susceptible to accrual concept" under the modified accrual basis, 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 sixty days of the end of the fiscal period. Revenue from federal, state and other grants designated for payment of specific District expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are reported as unearned revenues until earned.

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Other miscellaneous receipts are recorded as revenue when received in cash because they generally are not measurable until actually received.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt which has not matured are recognized when payment is due. Liabilities for compensated absences and special termination benefits are recognized as fund liabilities to the extent they mature each period. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Proprietary Funds

Proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource measurement focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when they are earned and expenses are recognized when they are incurred. The District reports the following proprietary funds:

The Food Service Fund accounts for the revenues and costs of providing meals to students during the school year. The food service fund is considered a major fund.

The Internal Service Fund is used to account for hospitalization, workers' compensation, dental, life, vision and disability insurance costs which are services provided to District employees as employee benefits.

These funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the District's proprietary funds are charges for services. Operating expenses for the District's proprietary funds include payroll, employee benefits, supplies and administrative costs. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

With limited exceptions, the effects of interfund activity have been eliminated from the government-wide financial statements. Exceptions include charges by one government function to another where services have been provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

Fiduciary Funds

Fiduciary funds account for the assets held by the District as an agent for individuals and are, therefore, not available to support the District's own programs. The District accounts for these assets in a custodial fund. The custodial fund accounts for funds held on behalf of students of the District. Fiduciary funds are accounted for using the economic resources measurement focus and accrual basis of accounting. Under this basis revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on-hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

SCHOOL DISTRICT OF LANCASTER

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Section 440.1(c) of the Pennsylvania School Code authorizes the District to invest in: 1) U.S Treasury bills; 2) deposits in savings accounts or time or share accounts of institutions insured by the Federal Deposit Insurance Corporation or Federal Savings and Loan Insurance Corporation or National Credit Union Share Insurance Fund to the extent that such accounts are so insured, and for any amounts above maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository; 3) obligations of the United States of America (USA) or any of its agencies or instrumentalities backed by the full faith and credit of the USA, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities; 4) pooled investments such as Pennsylvania School District Liquid Asset Fund, Pennsylvania Local Government Investment Trust and the Pennsylvania State Treasurer's Invest Program.

Investments for the District are reported at fair value.

Fair Value Measurements of Assets and Liabilities

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the District. Unobservable inputs reflect the District's assumptions about the inputs market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that the District has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not require a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable, that is, inputs that reflect the District's own assumptions.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either due to/from other funds (i.e., the current portion of interfund loans) or advances to/from other funds (i.e., the noncurrent portion of interfund loans).

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

The District experiences very small losses from uncollectible property taxes. Property taxes constitute a lien against real property and usually can be collected in full when the title transfers. Only balances that remain after tax sales are written off each year. Accordingly, an allowance for doubtful accounts has not been established by the District for property taxes receivable.

Property Taxes

Property taxes are levied on July 1 and are payable in the following periods:

July 1 - August 31	-	Discount Period, 2% of gross levy
September 1 - October 31	-	Face Period
November 1 to collection	-	Penalty Period, 10% of gross levy
January 1	-	Lien Date

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The District's taxes are billed and collected by the District. The tax on real estate for public school purposes for fiscal year 2022-2023 was 23.3531 mills (\$23.35 for \$1,000 of assessed valuation) for the entire District.

Taxpayers have the option of paying in three installments. These installments have the following due dates:

Installment One	-	August 15
Installment Two	-	October 15
Installment Three	-	December 15

The discount (two percent) is not applicable to installment payments; however, the penalty (10 percent) will be added if second and third installments are paid subsequent to the due dates.

Pledged Taxes Receivable

The District has entered into an agreement with Public Asset Management ("**PAM**") under which the District relinquishes to PAM delinquent property tax revenues. The District received from PAM a lump sum payment in exchange for the rights to receive and retain future delinquent property tax revenues. This agreement qualifies as a collateralized borrowing in accordance with GASB 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfer of Assets and Future Revenues*. Taxes receivable are considered as pledged for financial statement purposes. Proceeds received by the District are reported as a liability in the statement of net position (deficit) and as an other financing source in the fund financial statements. Subsequent collections of the pledged receivables that are paid to PAM reduce the liability on the District's statement of net position (deficit).

Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are accounted for using the consumption method.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide and proprietary fund financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets, donated works of art, historical treasures and similar assets, and capital assets that are received in a service concession arrangement will be measured at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed, inclusive of ancillary costs.

Property, plant and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Buildings and Improvements	20-40 years
Land Improvements	40 years
Machinery and equipment	4-10 years

SCHOOL DISTRICT OF LANCASTER

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Compensated Absences and Accrued Retirement Bonuses

District policies permit employees to accumulate earned but unused vacation, personal, and sick days as stipulated in each bargaining unit's contract. In addition, upon voluntary retirement, a professional employee with 20 years or more of credited service with Public School Employees Retirement System and at least 10 years of employment with the District will receive a retirement bonus of \$350 per year of service. The liability for these benefits is recorded as long-term debt in the government-wide financial statements. The current portion of this debt is based on amounts which have matured, for example, as a result of employee resignations and retirements. In the fund financial statements, governmental funds report only the liability payable from expendable available financial resources. A liability for these amounts is reported in governmental funds only if they have matured.

Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds. Prepaid bond insurance costs are amortized over the term of the related debt. Deferred amounts on refunding are amortized over the life of the old debt or the life of the new debt, whichever is shorter. All amounts are amortized using the straight-line method. Bonds payable are reported net of the applicable bond premiums, bond discounts and deferred amounts on refunding.

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. Premiums received and discounts paid on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures, except for refundings paid from proceeds which are reported as other financing uses.

Fund Balance

The District follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.

This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds.

Fund balance is displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- ***Nonspendable fund balance*** – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund).
- ***Restricted fund balance*** – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation.
- ***Committed fund balance*** – amounts constrained to specific purposes by the District itself using its highest level of decision-making authority (School Board resolutions); to be reported as committed, amounts cannot be used for any other purpose unless the School District takes the same highest-level action to remove or change the constraint.

SCHOOL DISTRICT OF LANCASTER

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- **Assigned fund balance** – amounts the District intends to use for a specific purpose; intent can be expressed by the School Board or by an official or body to which the School Board delegates the authority. School Board Policy No. 620 provides authority to the Chief Financial and Operations Officer to assign funds for specific purposes. Any funds set aside as assigned fund balance must be reported to the School Board at its next regular public meeting. The School Board has the authority to remove or change the assignment of the funds by an affirmative majority of Board members present and voting. The School Board also has the authority to set aside funds for the intended use of a specific purpose. Any funds set aside by the School Board require an affirmative majority of the School Board members present and voting.
- **Unassigned fund balance** – amounts that are available for any purpose and not restricted in any manner. It may be necessary to report a negative unassigned fund balance in other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes.

At June 30, 2023, fund balances are classified as follows:

	<u>General Fund</u>	<u>Capital Projects Funds</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Nonspendable				
Inventories	\$ 134,247	\$ -	\$ -	\$ 134,247
Prepaid items	66,200	-	-	66,200
Restricted for				
Debt service	-	-	21,739,485	21,739,485
Capital projects	-	41,951,341	-	41,951,341
Committed to				
Fiscal stabilization	2,500,000	-	-	2,500,000
Assigned to				
Repairs and maintenance contingency	2,750,000	-	-	2,750,000
Student activities	220,215	-	-	220,215
Unassigned (deficit)	<u>12,185,689</u>	<u>-</u>	<u>-</u>	<u>12,185,689</u>
Total fund balances	<u>\$17,856,351</u>	<u>\$41,951,341</u>	<u>\$21,739,485</u>	<u>\$81,547,177</u>

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first and then unrestricted resources as they are needed. When committed, assigned, and unassigned funds are available for expenditure, it is the District's policy to use committed funds first, assigned funds second, and unassigned funds last, unless the School Board has provided otherwise in its commitment or assignment actions.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Such estimates relate primarily to depreciation of capital assets and provisions for compensated absences, retirement bonuses, and other postemployment benefits. Accordingly, actual results could differ from those estimates.

Restricted Assets

Required sinking fund deposits related to the 2010 and 2011 Qualified School Construction Bonds have been paid into the debt service fund residing with the fiscal agent. These debt service payments and any related earnings are classified as restricted assets in the financial statements because they are maintained in the fiscal agent bank accounts and their use is restricted to debt service payments in future years. The total carrying amounts and related bank balances of these cash and investment accounts are \$21,739,485 at June 30, 2023, which are invested in U.S. Treasury securities.

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Implementation of New Accounting Principles

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement addresses issues related to public-private and public-public partnership arrangements ("**PPP**"s). The Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The requirements of this Statement are effective for the School District's June 30, 2023 financial statements. The implementation of this statement did not have a material impact on these financial statements.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements. The requirements of this Statement are effective for the School District's June 30, 2023 financial statements. The impact of this statement is reported in these financial statements.

In June 2020, The GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. This Statement provides guidance regarding the financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans. The Statement will also enhance (1) information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans. The requirements of this Statement are effective for the School District's June 30, 2023 financial statements. The implementation of the remaining requirements of this statement did not have a material impact on these financial statements.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. This Statement was issued to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial reporting for financial guarantees. The requirements related to PPPs, and SBITAs were effectively immediately and have no impact to the School District's June 30, 2023 financial statements. The remaining requirements of this Statement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for the School District's June 30, 2024 financial statements.

Pending Changes in Accounting Principles

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. This Statement provides guidance on the accounting and financial reporting requirements for accounting changes and error corrections. The requirements of this Statement are effective for the School District's June 30, 2024 financial statements.

In June 2022, The GASB issued Statement No. 101, *Compensated Absences*. This Statement updates the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for the School District's June 30, 2025 financial statements.

Deferred Inflows/Outflows of Resources

The statement of net position (deficit) in addition to reporting assets and liabilities will sometimes report a separate section for deferred inflows/outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to future periods. Deferred inflows of resources represent an acquisition of net assets that applies to future periods.

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

The District's deferred inflows/outflows of resources are reported on the government-wide statement of net position (deficit) for pension and Other Post-Employment Benefits (OPEB) and the deferred effect of bond defeasance.

The District also reports unavailable revenue only in the governmental funds balance sheet, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. The governmental funds report unavailable revenues from property taxes.

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

An annual budget is adopted prior to the beginning of each year for the general fund on the modified accrual basis of accounting. The general fund is the only fund for which a budget is legally required, although project-length financial plans are adopted for all capital project funds.

The District is required to publish notice by advertisement at least once in two newspapers of general circulation in the municipalities in which it is located, and within twenty days of final action, that the proposed budget has been prepared and is available for public inspection at the administrative offices of the District. Notice that public hearings will be held on the proposed operating budget must be included in the advertisement; such hearings are required to be scheduled at least ten days prior to when final action on adoption is taken by the School Board.

Legal budgetary control is maintained at the sub-function/major object level. The School Board may make transfers of funds appropriated to any particular item of expenditure by legislative action in accordance with the Pennsylvania School Code. Management may amend the budget at the sub-function/sub-object level without School Board approval. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effect of approved budget amendments.

Excess of Expenditures Over Appropriations

The following general fund functions incurred expenditures in excess of appropriations in the following amounts for the year ended June 30, 2023:

Special programs	\$ 1,000,143
Other instructional programs	1,657,780
Nonpublic school programs	100,618
Pre-kindergarten programs	888,995
Pupil personnel services	1,802,934
Administrative services	493,495
Business services	305,271
Operation and maintenance of plant services	4,557,342
Student transportation services	832,723
Central support services	134,770
Other support services	1,648
Student activities	157,365
Community services	351,497
Debt service	700,619
Transfers out	12,602,883

The excess of expenditures over appropriations was financed with current year revenue sources exceeding budgeted amounts.

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(3) DEPOSITS AND INVESTMENTS

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. The District does not have a policy for custodial credit risk. At June 30, 2023, the carrying amount of the District's deposits was \$77,098,222 and the bank balance was \$88,367,202. Of the bank balance, \$297,331 was covered by federal depository insurance and \$20,339,024 was exposed to custodial credit risk because, in accordance with Act 72 of the Commonwealth of Pennsylvania, it was uninsured and the collateral held by the depository's agent was not in the District's name. The remaining cash deposits of the District are in the Pennsylvania School District Liquid Asset Fund ("**PSDLAF**"). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PSDLAF acts like money market mutual funds. Their objective is to maintain a stable net asset value of \$1 per share and it is rated by a nationally recognized statistical rating organization and is subject to an independent annual audit. As of June 30, 2023, PSDLAF was rated as AAAM by Standard and Poor's.

Reconciliation to Financial Statements

Uninsured Amounts	\$ 20,339,024
Insured Amount	297,331
Reconciling Items	<u>(11,268,979)</u>
Carrying Amount, Bank Balances	9,367,376
Pooled Cash Equivalents in Government Investment Pools	<u>67,730,846</u>
	<u>\$ 77,098,222</u>

Investments

As of June 30, 2023, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>		
		<u>Less than 1</u>	<u>1 – 5</u>	<u>6 – 10</u>
U.S. Treasury strips	\$21,729,544	\$ -	\$ -	\$21,729,544
Certificate of deposit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$21,729,544</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$21,729,544</u>

U.S. Treasury strips were valued using Level 2 inputs. These are valuations based on quoted prices for similar assets or liabilities in active markets or identical assets or liabilities in less active markets, such as dealer or broker markets.

Interest Rate Risk

The District has no investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District has no investment policy that would limit its investment choices to certain credit rates. As of June 30, 2023, the District's investments were rated as follows:

<u>Investments</u>	<u>Standard & Poor's</u>
Government Investment Pools	AAAM

The District places no limit on the amount it may invest in any one issuer.

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. At June 30, 2023, the District does not have investments subject to custodial credit risk.

(4) UNEARNED REVENUES

Unearned revenues in the governmental funds and government-wide financial statements consisted of revenues received but not yet earned.

(5) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated/amortized				
Land	\$ 3,488,357	\$ -	\$ -	\$ 3,488,357
Construction-in-progress	<u>71,208,480</u>	<u>8,668,845</u>	<u>22,009,057</u>	<u>57,868,268</u>
Total capital assets not being depreciated/amortized	<u>74,696,837</u>	<u>8,668,845</u>	<u>22,009,057</u>	<u>61,356,625</u>
Capital assets being depreciated/amortized				
Buildings and improvements	264,296,665	22,764,901	-	287,061,566
Land improvements	7,269,688	-	-	7,269,688
Furniture and equipment	5,272,759	538,491	-	5,811,250
Vehicles	1,080,247	121,309	-	1,201,556
Lease assets	1,655,424	2,114,910	-	3,770,334
Subscription assets	<u>548,903</u>	<u>-</u>	<u>-</u>	<u>548,903</u>
Total capital assets being depreciated/amortized	<u>280,123,686</u>	<u>25,539,611</u>	<u>-</u>	<u>305,663,297</u>
Less: accumulated depreciation/ amortization for				
Buildings and improvements	126,124,724	8,029,801	-	134,154,525
Land improvements	6,676,838	35,282	-	6,712,120
Furniture and equipment	3,486,558	524,362	-	4,010,920
Vehicles	828,455	44,745	-	873,200
Lease assets	756,708	1,011,074	-	1,767,782
Subscription assets	<u>240,756</u>	<u>122,436</u>	<u>-</u>	<u>363,192</u>
Total accumulated depreciation/ amortization	<u>138,114,039</u>	<u>9,767,700</u>	<u>-</u>	<u>147,881,739</u>
Total capital assets being depreciated/amortized, net	<u>142,009,647</u>	<u>15,771,911</u>	<u>-</u>	<u>157,781,558</u>
Government activities assets, net	<u>\$216,706,484</u>	<u>\$24,440,756</u>	<u>\$22,009,057</u>	<u>\$219,138,183</u>
Business-type activities				
Capital asset being depreciated				
Furniture and equipment	\$ 892,451	\$ 11,115	\$ -	\$ 903,566
Vehicles	426,513	-	-	426,513
Less: A/D – furniture and equipment	724,205	45,949	-	770,154
Less: A/D – vehicles	<u>376,812</u>	<u>14,212</u>	<u>-</u>	<u>391,024</u>
Business-type capital assets, net	<u>\$ 217,947</u>	<u>\$ (49,046)</u>	<u>\$ -</u>	<u>\$ 168,901</u>

SCHOOL DISTRICT OF LANCASTER

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June 30, 2023

Depreciation/amortization expense was charged to functions/programs of the District as follows:

Governmental activities	
Instruction	\$6,650,188
Instructional Student Support	1,193,971
Administrative and Financial Support Services	826,516
Operation and Maintenance of Plant Services	1,008,302
Student Activities	<u>88,723</u>
Total depreciation/amortization expense – governmental activities	<u>\$9,767,700</u>
Depreciation expense – business-type activities	<u>\$ 60,161</u>

(6) INTERNAL RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2023 is as follows:

<u>Receivable To</u>	<u>Amount</u>	<u>Payable From</u>	<u>Amount</u>
General Fund	\$12,361,411	Self-Insurance Fund	\$12,361,411
Capital Projects Fund	5,309,999	General Fund	5,309,999
General Fund	24,606	Capital Projects Fund	24,606
Food Service Fund	<u>8,468,564</u>	General Fund	<u>8,468,564</u>
	<u>\$26,164,580</u>		<u>\$26,164,580</u>

These interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

<u>Transfers Out</u>	<u>Amount</u>	<u>Transfers In</u>	<u>Amount</u>
General Fund	\$ 4,100,000	Self-Insurance Fund	\$ 4,100,000
General Fund	3,112,883	Debt Service Fund	3,112,883
General Fund	8,900,000	Capital Projects Fund	8,900,000
Food Service Fund	<u>110,699</u>	General Fund	<u>110,699</u>
	<u>\$16,223,582</u>		<u>\$16,223,582</u>

Transfers are used to 1) fund the Debt Service Fund as debt service maturities become due, 2) fund the general fund for general indirect administrative costs incurred in administering the food service program.

(7) GENERAL LONG-TERM LIABILITIES

The following summarizes the changes in the long-term liabilities of governmental and business-type activities for the year ended June 30, 2023:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
General obligation debt	\$171,799,000	\$31,045,000	\$ 7,220,000	\$195,624,000	\$11,065,000
Deferred amounts					
Bond discount	-	632,920	39,558	593,362	-
Bond premiums	<u>12,112,727</u>	<u>-</u>	<u>1,443,659</u>	<u>10,669,068</u>	<u>-</u>
Total general obligation debt	183,911,727	30,412,080	8,624,101	205,699,706	11,065,000

SCHOOL DISTRICT OF LANCASTER

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Collateralized borrowing	2,980,373	3,621,202	3,268,399	3,333,176	-
Leases	921,593	2,114,910	1,041,262	1,995,241	537,565
Subscriptions	310,472	-	121,636	188,836	123,198
Compensated absences	4,843,866	1,181,351	583,333	5,441,884	411,642
Net pension liability	262,858,828	23,134,518	-	285,993,346	-
Net OPEB liability	<u>42,017,645</u>	<u>-</u>	<u>8,592,571</u>	<u>33,425,074</u>	<u>-</u>
Governmental activities					
long-term liabilities	<u>\$497,844,504</u>	<u>\$60,464,061</u>	<u>\$22,231,302</u>	<u>\$536,077,263</u>	<u>\$12,137,405</u>
Business-type activities					
Compensated absences	\$ 28,608	\$ 7,368	\$ 2,776	\$ 33,200	\$ 2,511
Net pension liability	4,749,172	328,482	-	5,077,654	-
Net OPEB liability	<u>260,619</u>	<u>-</u>	<u>47,320</u>	<u>213,299</u>	<u>-</u>
	<u>\$ 5,038,399</u>	<u>\$ 335,850</u>	<u>\$ 50,096</u>	<u>\$ 5,324,153</u>	<u>\$ 2,511</u>

Payments of long-term debt from bonds and notes are to be funded by the General Fund, while long-term debt from compensated absences, postemployment benefits, and net pension liability is paid out of the General Fund for governmental type activities and the Food Service Fund for the business-type activities.

General Obligation Bonds:

Qualified School Construction Bonds Series of 2010, principal amount of \$30,000,000 was issued to help fund approved school construction projects. The bonds require sinking fund deposits from September 15, 2011 through September 15, 2027, and mature September 15, 2027, bearing interest at 5.00%. Interest is paid semiannually on September 15 and March 15. \$ 30,000,000

Qualified School Construction Bonds Series of 2011, principal amount of \$34,789,000 was issued to help fund approved school construction projects. The bonds require sinking fund deposits from September 15, 2012 through September 15, 2029, and mature September 15, 2029, bearing interest of 5.088%. Interest is paid semiannually on September 15 and March 15. 34,789,000

General Obligation Bonds, Series A of 2016, principal amount \$20,000,000 was issued to: 1) fund various capital projects of the District and 2) pay the costs of issuing the bonds. The bonds mature June 1, 2018 through June 1, 2035, bearing interest from 2.00% to 5.00%. Interest is paid semiannually on December 1 and June 1. 19,970,000

General Obligation Bonds, Series B of 2016, principal amount \$32,660,000 was issued to: 1) advance refund the District's outstanding General Obligation Bond Series of 2007, 2) advance refund the District's outstanding General Obligation Bond Series A of 2007 and 3) pay the costs of issuing the bonds. The bonds mature June 1, 2017 through June 1, 2027, bearing interest from 3.00% to 5.00%. Interest is paid semiannually on December 1 and June 1. 14,825,000

General Obligation Bonds, Series of 2018, principal amount \$10,000,000 was issued to: 1) finance various capital projects of the School District, and 2) pay the costs of issuing and insuring the Bonds. The bonds mature June 1, 2035, bearing interest from 2.15% to 4.0%. Interest is paid semiannually on December 1 and June 1. 9,980,000

General Obligation Bonds, Series of 2019, principal amount \$10,000,000 was issued to: 1) finance various capital projects of the District; and 2) pay the costs of issuing and insuring the Bonds. The bonds mature June 1, 2035, bearing interest from 2.0% to 5.0%. Interest is paid semiannually on December 1, and June 1. 9,980,000

General Obligation Bonds, Series A of 2019, principal amount \$21,370,000 was issued to: 1) finance various capital projects of the District; and (2) pay the costs of issuing and insuring the Bonds. The bonds mature June 1, 2033, bearing interest from 2.0% to 5.0%. Interest is paid semiannually on December 1 and June 1. 18,620,000

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

General Obligation Bonds, Series B of 2019, principal amount \$17,280,000 was issued to: 1) currently refund the outstanding General Obligation Series of 2015; (2) currently refund the outstanding General Obligation Series of 2017; and (3) pay the costs of issuing and insuring the Bonds. The bonds mature June 1, 2027, bearing interest of 4.0%. Interest is paid semiannually on December 1 and June 1.	4,875,000
General Obligation Bonds, Series of 2020, principal amount \$22,755,000 was issued to: 1) finance various capital projects of the District; and (2) pay the costs of issuing and insuring the Bonds. The bonds mature June 1, 2036, bearing interest of 1.0% to 4.0%. Interest is paid semiannually on December 1 and June 1.	21,540,000
General Obligation Bonds, Series of 2022, principal amount \$31,045,000 was issued to: 1) finance various capital projects of the School District; and 2) pay the related costs, including costs of issuing the Bonds. The bonds mature June 1, 2039, bearing interest of 3.0% to 4.0%. Interest is paid semiannually on December 1 and June 1.	<u>31,045,000</u>
Total general obligation bonds	<u>\$195,624,000</u>

Annual debt service requirements to maturity for General Obligation Debt are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2024	\$ 11,065,000	\$ 8,938,699	\$ 20,003,699
2025	11,340,000	8,597,854	19,937,854
2026	11,515,000	8,273,117	19,788,117
2027	11,195,000	7,917,629	19,112,629
2028	11,315,000	7,053,742	18,368,742
2029-2033	54,559,000	22,405,516	76,964,516
2034-2038	60,670,000	7,538,010	68,208,010
2039	<u>700,000</u>	<u>28,000</u>	<u>728,000</u>
Total	172,359,000	<u>\$70,752,568</u>	<u>\$243,111,568</u>
Deposits into sinking fund	<u>23,265,000</u>		
	<u>\$195,624,000</u>		

Qualified School Construction Bonds

The District participates in the Qualified School Construction Bonds ("**QSCB**") program sponsored by the State Public Authority ("**SPSBA**"). The SPSBA was formed by the Commonwealth of Pennsylvania for the purpose of financing the construction and improvement of public school facilities under the jurisdiction of the Pennsylvania Department of Education. The QSCB program was created by the American Recovery and Reinvestment Act ("**ARRA**") and allows schools to borrow at nominal or zero percent to fund new construction, renovation and rehabilitation of schools as well as the purchase of land and equipment. The SPSBA issues the bonds through the QSCB program and provides loans to schools for qualified projects. Under the QSCB program, the SPSBA receives direct interest subsidy payments from the United States Treasury which are then transferred to the borrowers as a reimbursement of the interest portion of their loan payments from the United States Treasury which are then transferred to the borrowers as a reimbursement of the interest portion of their loan repayments. In fiscal year 2010 and 2011, the District borrowed \$30,000,000 and \$34,789,000, respectively, from the SPSBA under the QSCB program. The District is required to deposit payments annually into sinking funds through the maturity date of September 15, 2027 and September 15, 2029, respectively. Sinking funds are included as restricted assets held by fiscal agent in the accompanying financial statements.

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Future Revenues Pledged for Debt Payment on Collateralized Borrowing

The District has pledged future delinquent real estate tax revenues to repay the collateralized borrowing in the original amount of \$3,008,942 for the fiscal year ended June 30, 2023.

The proceeds were deposited in the General Fund. The borrowing is repayable from the pledged revenues through March 1, 2025. Interest is payable monthly at a variable rate equal to the prime rate plus 0.9 percent, but in no event less than 4.75 percent nor greater than 8.0 percent. Principal is paid quarterly through the maturity date in an amount equal to collections of pledged revenues since the payment date less amounts paid as interest during the period. Principal and interest paid during the year ended June 30, 2023 were \$3,268,399 and \$124,231. Pledged revenues collected during the same period were \$3,027,257. The excess of revenues collected over principal and interest paid since inception of the program in 2011 is \$1,269,041, and is deferred in the General Fund.

Future pledged revenues collections are estimated to be adequate to redeem the debt. In the event that they are not, the District is obligated to pay the deficiency thirty days prior to the maturity date of the note.

The District intends that additional funds will be drawn against this borrowing each year, at the lien date for unpaid real estate taxes. These funds will be used to fund District operations.

Leases

The District has entered into non-cancellable lease agreements for equipment, buildings, and parking spaces. Initial lease liabilities were recorded in the amount of \$3,770,334. As of June 30, 2023, the value of the lease liabilities is \$1,995,241. The leases have estimated useful lives of 2 to 5 years as of their contract commencements. The value of the capital assets as of June 30, 2023 is \$2,002,552, net of accumulated depreciation of \$1,767,782, and is included with noncurrent assets on the statement of net position. Future minimum lease payments under these leases are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 537,565	\$1,380	\$ 538,945
2025	543,073	831	543,904
2026	491,360	407	491,767
2027	224,749	129	224,878
2028	198,494	-	198,494
Total	<u>\$1,995,241</u>	<u>\$2,747</u>	<u>\$1,997,988</u>

Subscriptions

The district has entered into subscription agreements for educational software. Initial subscription liabilities were recorded in the amount of \$548,903. As of June 30, 2023, the value of the subscription liabilities is \$188,836. The subscriptions have 0.00% interest rates. The subscriptions' estimated useful lives were 4 to 5 years as of their contract commencements. The value of the intangible right-to-use subscription assets as of June 30, 2023 is \$185,711, net of accumulated amortization of \$363,192, and is included with noncurrent assets on the statement of net position (deficit). Future minimum lease payments under these leases are as follows:

<u>Year Ending June 30,</u>	<u>Total</u>
2024	\$123,198
2025	<u>65,638</u>
Total	<u>\$188,836</u>

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(8) NET INVESTMENT IN CAPITAL ASSETS

Net position (deficit) of the governmental activities net investment in capital assets, at June 30, 2023, are as follows:

Capital assets	\$ 367,019,922
Deferred outflows of resources	504,860
Accumulated depreciation	(147,881,739)
Unspent debt proceeds	<u>19,254,158</u>
	238,897,201
Total outstanding debt	<u>207,883,783</u>
Net investment in capital assets	<u>\$ 31,013,418</u>

(9) PENSION PLAN

For purposes of measuring the 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 refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Description

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

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 credited service; (b) age 60 with 30 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 membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service.

Act 5 of 2017 (Act 5) introduced a hybrid benefit with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, Membership Class DC (Class DC). To qualify for normal retirement, Class T-G and Class T-H members must work until age 67 with a minimum of 3 years of credited service. Class T-G may also qualify for normal retirement by attaining a total combination of age and service that is equal to or greater than 97 with a minimum of 35 years of credited service.

Benefits are generally equal to 1.00% or 2.50%, depending upon membership class, of the member's final average salary (as defined in the code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2.00% or 2.50%, depending upon membership class, of the member's final average salary (as defined in the code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

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

Contributions

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%
				6.25%
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	Prior to 7/1/21: 7.50% After 7/1/21: 8.00%
T-F	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	Prior to 7/1/21: 10.30% After 7/1/21: 10.8%
T-G	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	Prior to 7/1/21: 8.25% After 7/1/21: 9.00%
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	Prior to 7/1/21: 7.50% After 7/1/21: 8.25%
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 District's contractually required contribution rate for fiscal year ended June 30, 2023 was 34.51% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$35,346,711 for the year ended June 30, 2023.

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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

At June 30, 2023, the District reported a liability of \$291,071,000 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 PSERS' total pension liability as of June 30, 2021 to June 30, 2022. The 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 District's proportion was 0.6547 percent, which was an increase of 0.0029 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the District recognized negative net pension expense of \$8,588,176. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 131,988	\$2,517,530
Changes in assumptions	8,691,732	-
Net difference between projected and actual investment earnings	-	4,939,048
Changes in proportions	3,341,000	-
Difference between employer contributions and proportionate share of total contributions	4,648	1,245,442
Contributions subsequent to the measurement date	<u>35,346,711</u>	<u>-</u>
	<u>\$47,516,079</u>	<u>\$8,702,020</u>

\$35,346,711 reported as deferred outflows of resources related to pensions resulting from 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	\$ 3,303,724
2025	1,108,995
2026	(8,042,226)
2027	<u>7,096,855</u>
	<u>\$ 3,467,348</u>

Actuarial Assumptions

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

- Valuation date – June 30, 2021
- Actuarial cost method – entry age normal – level % of pay
- Investment return – 7.00%, includes inflation at 2.75%
- Salary growth – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 retiree tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 improvement scale.
- The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021 and as of June 30, 2022.

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

- 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 results of an actuarial experience study that was performed for the five-year period ending June 30, 2020.

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

The pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the 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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public equity	28.0 %	5.3%
Private equity	12.0 %	8.0%
Fixed income	33.0 %	2.3%
Commodities	9.0 %	2.3%
Infrastructure/MLPs	9.0 %	5.4%
Real estate	11.0 %	4.6%
Absolute return	6.0 %	3.5%
Cash	3.0 %	0.5%
Leverage	(11.0)%	0.5%
	<u>100.0 %</u>	

The above was the PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2022.

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.

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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

The following represents 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:

	<u>1% Decrease</u> <u>6.00%</u>	<u>Current Discount Rate</u> <u>7.00%</u>	<u>1% Increase</u> <u>8.00%</u>
District's proportionate share of the net pension liability	<u>\$376,481,000</u>	<u>\$291,071,000</u>	<u>\$219,061,000</u>

Pension Plan Fiduciary Net Position

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

(10) OTHER POSTEMPLOYMENT BENEFITS

Cost Sharing Multiple-Employer Defined Benefit OPEB Plan

PSERS provides health insurance premium assistance which is a governmental cost sharing, multiple-employer OPEB plan for all eligible retirees who qualify and elect to participate. Employer contribution rates for health insurance premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of health insurance premium assistance benefits for each succeeding year. Effective January 1, 2002, under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' health options program. As of June 30, 2022, there were no assumed future benefit increases to participating eligible retirees.

Retirees of PSERS can participate in the health insurance premium assistance program if they satisfy the following criteria:

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

For Class DC members to become eligible for health insurance premium assistance, they must satisfy the following criteria:

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

Benefits Provided

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

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Employer Contributions

The 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 any unfunded accrued liability. Contributions to the OPEB plan from the District were \$768,184 for the year ended June 30, 2023.

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

At June 30, 2023, the District reported a liability of \$12,059,000 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 PSERS' total OPEB liability as of June 30, 2021 to June 30, 2022. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2023, the District's proportion was 0.6551 percent, which was an increase of 0.0037 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the District recognized negative net OPEB expense of \$223,866. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 111,033	\$ 64,604
Changes in assumptions	1,338,855	2,848,035
Net difference between projected and actual investment earnings	32,799	-
Changes in proportions	563,000	-
Difference between employer contributions and proportionate share of total contributions	-	6,721
Contributions subsequent to the measurement date	<u>768,184</u>	<u>-</u>
	<u>\$2,813,871</u>	<u>\$2,919,360</u>

\$768,184 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,

2024	\$(109,101)
2025	(55,123)
2026	(128,193)
2027	(257,750)
2028	(333,871)
Thereafter	<u>10,365</u>
	<u>\$(873,673)</u>

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Actuarial Assumptions

The total OPEB liability as of June 30, 2022, was determined by rolling forward the PSERS' 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:

- Actuarial cost method – entry age normal – level % of pay
- Investment return – 4.09% – Standard & Poors 20-year municipal bond rate
- Salary growth – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium assistance reimbursement is capped at \$1,200 per year.
- Assumed healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

Participation rate:

- Eligible retirees will elect to participate pre age 65 at 50%
- Eligible retirees will elect to participate post age 65 at 70%

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

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2020 determined the employer contribution rate for fiscal year 2022.
- Cost method - amount necessary to assure solvency of premium assistance through the third fiscal year after the valuation date.
- Asset valuation method: market value.
- Participation rate: the actual data for retirees benefiting under the OPEB plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 mortality improvement scale.

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

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

<u>OPEB – Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	<u>100.00%</u>	0.50%

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.

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Discount Rate

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

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual health insurance premium assistance. As of June 30, 2022, retirees’ health insurance premium assistance benefits are not subject to future healthcare cost increases. The healthcare insurance premium assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on healthcare cost trends as depicted below.

The following presents the net OPEB liability for June 30, 2022, calculated using current healthcare cost trends as well as what net OPEB liability would be if health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
District’s proportionate share of the net OPEB liability	<u>\$12,058,000</u>	<u>\$12,059,000</u>	<u>\$12,060,000</u>

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

The following presents the net OPEB liability, calculated using the discount rate of 4.09%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.09%) or 1-percentage-point higher (5.09%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>3.09%</u>	<u>4.09%</u>	<u>5.09%</u>
District’s proportionate share of the net OPEB liability	<u>\$13,637,000</u>	<u>\$12,059,000</u>	<u>\$10,738,000</u>

OPEB Plan Fiduciary Net Position

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

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(11) POSTEMPLOYMENT HEALTHCARE PLAN

Single-Employer Defined Benefit OPEB Plan

The District's other post-employment benefits ("**OPEB**") include a single-employer defined benefit plan that provides medical and prescription drug benefits to eligible retired employees, spouses and dependents. The benefits, benefits level, employee contribution and employer contribution are administered by School District board members and can be amended by the School District through its personnel manual and union contracts. The plan is not accounted for as a trust fund, an irrevocable trust has not been established to account for the plan. The OPEB Plan does not issue a stand-alone financial report and is not included in the report of any public employee retirement system or any other entity.

OPEB Plan Membership

Membership in the OPEB plan consisted of the following at July 1, 2021:

Inactive plan members or beneficiaries currently receiving benefits	76
Active plan members	<u>1,367</u>
Total	<u>1,443</u>

Funding Policy and Funding Status

The District negotiates the contribution percentage between the District and employees through union contracts and its personnel policy. The required contribution rates of the employer and the members vary depending on the applicable agreement. The District currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the plan are paid by the District.

The plan is an unfunded plan with no assets accumulated in a trust. Contributions to the plan are equal to benefit payments. For the year ended June 30, 2023, estimated benefit payments paid as they came due totaled \$1,017,282.

Benefits Provided

The plan provides the following benefits:

For administrators, employees covered under teacher union agreements, employees covered under non-professional union agreements include medical and prescription drug benefits. To be eligible, members must meet one of the following conditions: must be eligible for PSERS retirement, have at least 20 years of PSERS service with at least 10 years of service with the District, or has reached Act 110/43 eligibility. If the member retires with at least 20 years of PSERS service, with at least 10 years of service with the District, the District pays 50% of the premium for member, spouse and family. If the member does not qualify for the District's subsidy, but does reach Act 110/43 eligibility, the member, spouse and family may continue coverage by paying the full premium as determined for the purpose of COBRA. Coverage for the member, spouse and family lasts until the earlier of when the member is eligible for Medicare, or when the member receives coverage through another employer. Part-time employees who meet the eligibility requirements have to have prior District approval to receive any benefits.

For employees under Early Retirement Incentive Plan (ERIP), coverage includes medical and prescription drug benefits. To be eligible, members must have retired in 2011. If a member is eligible, the District pays 100% of the premium for members and dependents for up to five years from retirement, beginning on July 1, 2011. After five years, on June 30, 2016, the District pays 50% of the premium for members and dependents. Coverage for the member and dependents lasts until the earlier of when the member is eligible for Medicare, or when the member receives coverage through another employer.

Employees are deemed to have met the Act 110/43 eligibility upon retirement with 30 years of PSERS service or upon superannuation retirement.

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Actuarial Methods and Significant Assumptions

- **Discount rate** – 4.06% - based on S&P Municipal Bond 20-year high grade rate index at July 1, 2022.
- **Salary** - An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of a 2.50% cost of living adjustment, 1.50% for real wage growth, and for teachers and administrators a merit increase which varies from 0.00% to 2.75%.
- **Withdrawal** - Rates of withdrawal are based on PSERS plan experience and vary by age, gender, years of service and PSERS Pension Class. Sample Rates for employees with more than 10 years of service are shown below. Rates for new employees start at 25.93% for men and 27.46% for women and decrease with age and service.

<u>Age</u>	<u>Male Rate</u>	<u>Female Rate</u>	<u>Age</u>	<u>Male Rate</u>	<u>Female Rate</u>
25	4.55%	3.90%	45	1.41%	1.60%
30	4.55%	3.90%	50	1.89%	2.08%
35	1.68%	2.83%	55	3.63%	3.66%
40	1.42%	1.67%	60	5.49%	5.94%

- **Mortality** - PubT-2010 headcount-weighted mortality table including rates for contingent survivors for teachers. PubG-2010 head-count weighted mortality table including rates for contingent survivors for all other employees.
- **Disability** - No disability was assumed.
- **Retirement** - Assumed retirement rates are based on PSERS plan experience and vary by age, service and gender.
- **Percent of Eligible Retirees Electing Coverage in Plan** - 60% of eligible retirees are assumed to elect coverage. Spouses paying the full premium for coverage are assumed to cease coverage upon attainment of age 65.
- **Percent Married at Retirement** - 40% of employees are assumed to be married and have a spouse covered by the plan at retirement. Non-spouse dependents are deemed to be immaterial.
- **Spouse Age** - Wives are assumed to be two years younger than their husbands.
- **Retiree Contributions** – Retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate.
- **Health Care Cost Trend Rate** – 6.5% in 2022, 6.0% in 2023, and 5.5% in 2024-2025. Rates gradually decrease from 5.4% in 2026 to 3.9% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
- **Actuarial Value of Assets** - Equal to the market value of assets.
- **Actuarial Cost Method – Entry Age Normal** – Under the Entry Age Normal Cost Method, the Normal Cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The Accrued Liability as of the valuation date is the excess of the present value of future benefits over the present value of future Normal Cost. The Unfunded Accrued Liability is the excess of the Accrued Liability over the Actuarial Value of Assets. Actuarial gains and losses serve to reduce or increase the Unfunded Accrued Liability.
- **Changes in Assumptions** – In the 2021 actuarial valuation, the discount rate changed from 2.28% to 4.06%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS assumptions.

OPEB Liability

The District's OPEB liability has been measured as of July 1, 2021. The total OPEB liability was determined by an actuarial valuation as of July 1, 2021. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. The total OPEB liability is \$21,579,373, all of which is unfunded. As of June 30, 2023, the OPEB liability of \$21,579,373 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position.

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

The District's change in its OPEB liability reported for the year ended June 30, 2022 was as follows:

Balances as of July 1, 2021	<u>\$26,839,264</u>
Changes for the year	
Service cost	2,316,219
Interest on total OPEB liability	653,519
Changes in assumptions	(7,320,665)
Benefit payments	<u>(908,964)</u>
Net changes	<u>(5,259,891)</u>
Balances as of July 1, 2022	<u>\$21,579,373</u>

Sensitivity of the OPEB Liability to Change in Healthcare Cost Trend Rates

The following presents the OPEB liability, calculated using current healthcare cost trends as well as what the OPEB liability would be if health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
OPEB liability	<u>\$18,962,862</u>	<u>\$21,579,373</u>	<u>\$24,692,364</u>

Sensitivity of the OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District calculated using the discount rate of 4.06%, as well as what the OPEB liability would be if it were calculated using the discount rate that is one percentage point lower (3.06%) or 1 percentage point higher (5.06%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>3.06%</u>	<u>4.06%</u>	<u>5.06%</u>
OPEB liability	<u>\$23,342,806</u>	<u>\$21,579,373</u>	<u>\$19,926,053</u>

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$718,577. At June 30, 2023, the District had deferred inflows and outflows of resources related to the OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$3,325,562	\$ 8,120,735
Difference between expected and actual experience	-	10,096,310
Contributions subsequent to the measurement date	<u>1,017,282</u>	<u>-</u>
	<u>\$4,342,844</u>	<u>\$18,217,045</u>

\$1,017,282 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. The remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Year ended June 30,

2024	\$ (1,233,879)
2025	(1,233,879)
2026	(1,233,879)
2027	(1,233,879)
2028	(1,233,879)
Thereafter	<u>(8,722,088)</u>
	<u>\$ (14,891,483)</u>

(12) NET OPEB EXPENSE AND DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

The District's aggregate net OPEB expense and deferred inflows and outflows of resources are as follows:

	<u>Net OPEB Expense</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
District Plan (See Note 11)	\$ 718,577	\$4,342,844	\$18,217,045
PSERS Plan (See Note 10)	<u>(223,866)</u>	<u>2,813,871</u>	<u>2,919,360</u>
	<u>\$ 494,711</u>	<u>\$7,156,715</u>	<u>\$21,136,405</u>

(13) SELF-INSURANCE

The District administers a self-insurance program to provide for the medical care and related expenses for eligible employees, spouses, and their dependents. Benefit payments plus an administrative charge are made to a third-party administrator, who approves and processes all claims. The District has recorded a liability in an internal service fund for claims incurred through June 30, 2023. The claims liability has historically been satisfied within 120 days after June 30 and is classified as a portion of accounts payable.

Change in Aggregate Claim Liabilities

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Claims liability - beginning of year	\$ 3,172,674	\$ 1,437,212
Current year claims and changes in estimates	31,356,126	30,788,172
Claim payments by the District	<u>(32,186,429)</u>	<u>(29,052,710)</u>
Claims liability - end of year	<u>\$ 2,342,371</u>	<u>\$ 3,172,674</u>

(14) COMMITMENTS and CONTINGENCIES

Government Grants and Awards

The District participates in both state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for any expenditure which may be disallowed pursuant to the terms of these grant programs.

Litigation

Certain litigation claims are pending against the District. In the opinion of District management and legal counsel, the potential losses, if any, on such claims are not yet determinable.

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Capital Improvement Commitments

As of June 30, 2023, the District is committed to capital projects at various school buildings. Construction contract commitments are as follows:

	<u>Contract Amounts</u>	<u>Completed Through June 30, 2023</u>	<u>Remaining Commitments</u>
Capital improvement projects	<u>\$17,172,817</u>	<u>\$14,142,939</u>	<u>\$3,029,878</u>

As of June 30, 2023, the District has incurred costs totaling \$43,725,329 for capital improvements projects that were not under formal commitments that have been fully paid.

(15) RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs except for workers' compensation, for which the District retains the risk of loss. For insured programs, there were no significant reductions in insurance coverages during the 2022-2023 year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Unemployment

The District has elected to self-insure for unemployment compensation rather than contribute to the State Fund. Transactions relating to unemployment claims are recorded when invoiced by the State.

(16) PRIOR PERIOD RESTATEMENT

As a result of the implementation of GASB Statement No. 96, the District made a prior period adjustment increasing the governmental activities net position deficit totaling \$2,325. This restated the beginning net position deficit to \$228,325,591.

	<u>Governmental Activities</u>
Net position (deficit) at June 30, 2022, as previously stated	\$(228,323,266)
Prior period adjustment to	
Record subscription liabilities	(310,472)
Record subscription assets	<u>308,147</u>
Net position (deficit) at June 30, 2022, as restated	<u>\$(228,325,591)</u>

(17) SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 19, 2023, the date on which the financial statements were available to be issued. Except as noted below, no material subsequent events have occurred since June 30, 2023 that required recognition or disclosure in the financial statements.

SCHOOL DISTRICT OF LANCASTER REQUIRED SUPPLEMENTAL



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SCHOOL DISTRICT OF LANCASTER

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - PSERS

Year ended June 30

	Measurement Date								
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.6547%	0.6518%	0.6465%	0.6376%	0.6119%	0.6051%	0.5904%	0.5797%	0.5844%
District's proportionate share of the net pension liability	\$ 291,071,000	\$ 267,608,000	\$ 318,330,000	\$ 298,286,000	\$ 293,742,000	\$ 298,849,000	\$ 292,584,000	\$ 251,099,000	\$ 231,310,000
District's covered payroll	\$ 96,329,041	\$ 92,347,494	\$ 90,287,037	\$ 87,934,987	\$ 82,401,570	\$ 80,568,875	\$ 76,467,379	\$ 74,589,510	\$ 74,579,956
District's proportionate share of the net pension liability liability as a percentage of its covered payroll	302%	290%	353%	339%	356%	371%	383%	337%	310%
Plan fiduciary net position as a percentage of the total pension liability	61%	64%	54%	56%	54%	52%	50%	54%	57%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

SCHOOL DISTRICT OF LANCASTER

SCHEDULE OF THE DISTRICT'S PENSION PLAN CONTRIBUTIONS - PSERS

Year ended June 30

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 35,346,711	\$ 32,635,969	\$ 30,975,375	\$ 30,201,014	\$ 28,544,895	\$ 25,878,817	\$ 23,280,520	\$ 18,713,679	\$ 14,850,811
Contributions in relation to the contractually required contribution	<u>\$ 35,346,711</u>	<u>\$ 32,635,969</u>	<u>\$ 30,975,375</u>	<u>\$ 30,201,014</u>	<u>\$ 28,544,895</u>	<u>\$ 25,878,817</u>	<u>\$ 23,280,520</u>	<u>\$ 18,713,679</u>	<u>\$ 14,850,811</u>
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 102,424,547	\$ 95,594,520	\$ 92,347,494	\$ 90,287,037	\$ 87,934,987	\$ 82,401,570	\$ 80,568,875	\$ 76,467,379	\$ 74,589,510
Contributions as a percentage of covered payroll	35%	34%	34%	33%	32%	31%	29%	24%	20%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

SCHOOL DISTRICT OF LANCASTER

SCHEDULE OF CHANGES IN OPEB LIABILITY - SINGLE EMPLOYER PLAN

Year ended June 30

	Measurement Date					
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
TOTAL OPEB LIABILITY						
Service cost	\$ 2,316,219	\$ 3,035,305	\$ 2,214,102	\$ 2,424,716	\$ 2,275,906	\$ 2,218,401
Interest on total OPEB liability	653,519	630,033	926,709	885,521	868,240	734,756
Differences between expected and actual experience	-	(6,207,492)	-	(3,182,164)	-	(3,971,492)
Changes of assumptions	(7,320,665)	(872,323)	3,600,975	(770,234)	(3,184)	741,302
Benefit payments	<u>(908,964)</u>	<u>(1,273,658)</u>	<u>(1,267,531)</u>	<u>(1,299,247)</u>	<u>(1,330,563)</u>	<u>(1,808,176)</u>
Net change in total OPEB liability	(5,259,891)	(4,688,135)	5,474,255	(1,941,408)	1,810,399	(2,085,209)
Total OPEB liability, beginning	<u>26,839,264</u>	<u>31,527,399</u>	<u>26,053,144</u>	<u>27,994,552</u>	<u>26,184,153</u>	<u>28,269,362</u>
Total OPEB liability, ending	<u>\$21,579,373</u>	<u>\$26,839,264</u>	<u>\$31,527,399</u>	<u>\$26,053,144</u>	<u>\$27,994,552</u>	<u>\$26,184,153</u>
Covered-employee payroll	\$77,896,247	\$77,896,247	\$87,568,691	\$87,568,691	\$82,657,256	\$82,657,256
Net OPEB liability as a % of covered employee payroll	28%	34%	36%	30%	34%	32%

Notes of Schedule

No assets are accumulated in a trust to pay benefits related to this plan.

The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS assumption.

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

SCHOOL DISTRICT OF LANCASTER

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY -PSERS

Year ended June 30

	<u>Measurement Date</u>						
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's proportion of the net OPEB liability	0.6551%	0.6514%	0.6472%	0.6376%	0.6119%	0.6051%	0.5904%
District's proportionate share of the net OPEB liability	\$12,059,000	\$15,439,000	\$13,984,000	\$13,561,000	\$12,758,000	\$12,328,000	\$12,717,000
District's covered payroll	\$96,329,041	\$92,347,494	\$90,844,013	\$87,934,987	\$82,401,570	\$80,568,875	\$76,457,379
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	13%	17%	15%	15%	15%	15%	17%
Plan fiduciary net position as a percentage of the total OPEB liability	7%	5%	6%	6%	6%	6%	5%

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In accordance with GASB Statement No. 68, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

SCHOOL DISTRICT OF LANCASTER

SCHEDULE OF THE DISTRICT'S OPEB PLAN CONTRIBUTIONS - PSERS

Year ended June 30

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 768,184	\$ 764,756	\$ 753,927	\$ 758,878	\$ 726,757	\$ 676,730	\$ 661,741
Contributions in relation to the contractually required contribution	<u>\$ 768,184</u>	<u>\$ 764,756</u>	<u>\$ 753,927</u>	<u>\$ 758,878</u>	<u>\$ 726,757</u>	<u>\$ 676,730</u>	<u>\$ 661,741</u>
Contribution deficiency (excess)	-	-	-	-	-	-	-
District's covered payroll	\$102,424,533	\$95,594,500	\$92,347,494	\$90,844,013	\$87,934,987	\$82,401,570	\$80,568,875
Contributions as a percentage of covered payroll	1%	1%	1%	1%	1%	1%	1%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

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SCHOOL DISTRICT OF LANCASTER SUPPLEMENTARY INFORMATION



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SCHOOL DISTRICT OF LANCASTER

COMBINING BALANCE SHEET SCHEDULE - CAPITAL PROJECT FUNDS

June 30, 2023

	<u>Capital Reserve Sub-Fund</u>	<u>Construction Sub-Fund</u>	<u>Total Capital Project Fund</u>
ASSETS			
Cash and cash equivalents	\$ 17,387,184	\$ 20,067,734	\$ 37,454,918
Due from other funds	<u>5,309,999</u>	<u>-</u>	<u>5,309,999</u>
Total assets	<u>\$ 22,697,183</u>	<u>\$ 20,067,734</u>	<u>\$ 42,764,917</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Due to other funds	\$ -	\$ 24,606	\$ 24,606
Accounts payable	<u>-</u>	<u>788,970</u>	<u>788,970</u>
Total liabilities	<u>-</u>	<u>813,576</u>	<u>813,576</u>
FUND BALANCES			
Restricted for capital projects	<u>22,697,183</u>	<u>19,254,158</u>	<u>41,951,341</u>
Total fund balances	<u>22,697,183</u>	<u>19,254,158</u>	<u>41,951,341</u>
Total liabilities and fund balances	<u>\$ 22,697,183</u>	<u>\$ 20,067,734</u>	<u>\$ 42,764,917</u>

See accompanying notes

SCHOOL DISTRICT OF LANCASTER

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
CAPITAL PROJECT FUNDS**

Year ended June 30, 2023

	Capital Reserve Sub-Fund	Construction Sub-Fund	Total Capital Project Fund
REVENUES			
Local sources	\$ 548,258	\$ 868,490	\$ 1,416,748
EXPENDITURES			
Support services	-	418,582	418,582
Capital outlay	-	8,192,150	8,192,150
Total expenditures	-	8,610,732	8,610,732
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	548,258	(7,742,242)	(7,193,984)
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	31,045,000	31,045,000
Discount on issuance of debt	-	(632,920)	(632,920)
Transfers in	8,900,000	-	8,900,000
Total other financing sources (uses)	8,900,000	30,412,080	39,312,080
NET CHANGE IN FUND BALANCES	9,448,258	22,669,838	32,118,096
FUND BALANCES			
Beginning of year	13,248,925	(3,415,680)	9,833,245
End of year	\$22,697,183	\$19,254,158	\$41,951,341

See accompanying notes

SCHOOL DISTRICT OF LANCASTER

COMBINING STATEMENT OF FIDUCIARY NET POSITION - CUSTODIAL FUNDS

June 30, 2023

	<u>Custodial Funds</u>		<u>Total</u>
	<u>Homeless Fund</u>	<u>Student Activities Fund</u>	
ASSETS			
Cash and cash equivalents	<u>\$74,441</u>	<u>\$132,142</u>	<u>\$206,583</u>
Total assets	<u>74,441</u>	<u>132,142</u>	<u>206,583</u>
LIABILITIES			
Other current liabilities	<u>32,237</u>	<u>40,164</u>	<u>72,401</u>
Total liabilities	<u>32,237</u>	<u>40,164</u>	<u>72,401</u>
NET POSITION			
Restricted for homeless activities	42,204	-	42,204
Restricted for student activities	<u>-</u>	<u>91,978</u>	<u>91,978</u>
Total net position	<u>\$42,204</u>	<u>\$ 91,978</u>	<u>\$134,182</u>

See accompanying notes

SCHOOL DISTRICT OF LANCASTER

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
CUSTODIAL FUNDS**

Year ended June 30, 2023

	<u>Custodial Funds</u>		<u>Total</u>
	<u>Homeless Fund</u>	<u>Student Activities Fund</u>	
ADDITIONS			
Local contributions	<u>\$11,152</u>	<u>\$ 86,635</u>	<u>\$ 97,787</u>
DEDUCTIONS			
Student activity expenses	<u>-</u>	<u>95,770</u>	<u>95,770</u>
Total deductions	<u>-</u>	<u>95,770</u>	<u>95,770</u>
CHANGE IN NET POSITION	11,152	(9,135)	2,017
NET POSITION			
Beginning of year	<u>31,052</u>	<u>101,113</u>	<u>132,165</u>
End of year	<u>\$42,204</u>	<u>\$ 91,978</u>	<u>\$134,182</u>

See accompanying notes

SCHOOL DISTRICT OF LANCASTER STATISTICAL SECTION



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SCHOOL DISTRICT OF LANCASTER

STATISTICAL SECTION

This part of the School District of Lancaster's (the "***District***") Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Contents

Financial Trends – (Pages 78-82)

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

- Net Position (Deficit) By Component
- Changes in Net Position (Deficit)
- Fund Balances of Governmental Funds
- Changes in Governmental Fund Balances

Revenue Capacity – (Pages 83-86)

These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.

- Assessed Value and Estimated Actual Value of Taxable Property
- Property Tax Rates – All Overlapping Governments
- Principal Taxpayers
- Property Tax Levies and Collections

Debt Capacity – (Pages 87-90)

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

- Ratios of Outstanding Debt by Type
- Ratios of General Bonded Debt Outstanding
- Direct and Overlapping Governmental Activities Debt
- Legal Debt Margin Information

Demographic and Economic Information – (Pages 91-93)

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

- Principal Employers – Lancaster and Surrounding Areas
- Demographic and Economic Statistics
- Full-Time Equivalent (FTE) Employees

SCHOOL DISTRICT OF LANCASTER

STATISTICAL SECTION

Operating Information – (Pages 94-107)

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

- Expenditures by Function – General Fund
- Cost per Student by Function – General Fund
- Capital Asset Information
- Student Information
- Student/Teacher Ratio
- Teacher Information by Level
- Teacher Salary Information
- Bank Deposit Information
- Miscellaneous Statistics
- Coverage of Debt Service and Lease Rental Requirements by State Aid
- Enrollment Trends

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Report for the relevant year.

SCHOOL DISTRICT OF LANCASTER

NET POSITION (DEFICIT) BY COMPONENT - UNAUDITED

Last ten fiscal years ending June 30,
Accrual basis of accounting

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental activities										
Net investment in capital assets	\$ 31,013,418	\$ 32,193,766	\$ 29,179,195	\$ 26,460,432	\$ 24,544,636	\$ 23,901,756	\$ 22,413,651	\$ 21,652,689	\$ 21,232,995	\$ 17,556,589
Restricted for debt service and capital projects	44,436,668	32,102,725	30,669,612	28,217,492	23,248,117	18,747,450	11,580,449	1,729,365	839,828	25,148
Unrestricted (deficit)	<u>(288,132,861)</u>	<u>(292,622,082)</u>	<u>(289,144,225)</u>	<u>(269,079,338)</u>	<u>(259,702,545)</u>	<u>(250,102,052)</u>	<u>(238,653,820)</u>	<u>(227,626,127)</u>	<u>(196,848,312)</u>	<u>(194,020,155)</u>
Total governmental activities net position	<u>\$ (212,682,775)</u>	<u>\$ (228,325,591)</u>	<u>\$ (229,295,418)</u>	<u>\$ (214,401,414)</u>	<u>\$ (211,909,792)</u>	<u>\$ (207,452,846)</u>	<u>\$ (204,659,720)</u>	<u>\$ (204,244,073)</u>	<u>\$ (174,775,489)</u>	<u>\$ (176,438,418)</u>
Business-type activities										
Net investment in capital assets	\$ 168,901	\$ 217,947	\$ 289,034	\$ 352,154	\$ 435,573	\$ 474,007	\$ 455,414	\$ 479,391	\$ 466,576	\$ 389,694
Unrestricted (deficit)	<u>3,564,612</u>	<u>2,865,188</u>	<u>890,501</u>	<u>1,163,374</u>	<u>1,270,666</u>	<u>397,241</u>	<u>(388,407)</u>	<u>(813,240)</u>	<u>(1,190,754)</u>	<u>(1,496,079)</u>
Total business-type activities net position	<u>\$ 3,733,513</u>	<u>\$ 3,083,135</u>	<u>\$ 1,179,535</u>	<u>\$ 1,515,528</u>	<u>\$ 1,706,239</u>	<u>\$ 871,248</u>	<u>\$ 67,007</u>	<u>\$ (333,849)</u>	<u>\$ (724,178)</u>	<u>\$ (1,106,385)</u>
Primary Government										
Net investment in capital assets	\$ 31,182,319	\$ 32,411,713	\$ 29,468,229	\$ 26,812,586	\$ 24,980,209	\$ 24,375,763	\$ 22,869,065	\$ 22,132,080	\$ 21,699,571	\$ 17,946,283
Restricted	44,436,668	32,102,725	30,669,612	28,217,492	23,248,117	18,747,450	11,580,449	1,729,365	839,828	25,148
Unrestricted (deficit)	<u>(284,568,249)</u>	<u>(289,756,894)</u>	<u>(288,253,724)</u>	<u>(267,915,964)</u>	<u>(258,431,879)</u>	<u>(249,704,811)</u>	<u>(239,042,227)</u>	<u>(228,439,367)</u>	<u>(198,039,066)</u>	<u>(195,516,234)</u>
Total primary government	<u>\$ (208,949,262)</u>	<u>\$ (225,242,456)</u>	<u>\$ (228,115,883)</u>	<u>\$ (212,885,886)</u>	<u>\$ (210,203,553)</u>	<u>\$ (206,581,598)</u>	<u>\$ (204,592,713)</u>	<u>\$ (204,577,922)</u>	<u>\$ (175,499,667)</u>	<u>\$ (177,544,803)</u>

Source: District records

SCHOOL DISTRICT OF LANCASTER

CHANGES IN NET POSITION (DEFICIT) - UNAUDITED

Last ten fiscal years ending June 30,
Accrual basis of accounting

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses										
Governmental activities										
Instruction	\$ 159,131,311	\$ 157,530,319	\$ 158,619,121	\$ 150,937,605	\$ 146,833,906	\$ 142,779,474	\$ 137,355,065	\$ 124,744,115	\$ 122,634,168	\$ 114,846,475
Instructional student support	32,778,085	30,547,660	31,491,931	29,300,358	29,583,068	27,130,534	26,137,628	21,335,536	18,379,785	16,546,150
Administrative and financial support service	23,275,843	24,670,515	22,921,087	23,152,269	23,650,963	21,917,346	22,368,271	19,195,351	19,308,153	16,796,610
Operation and maintenance of plant service	19,438,066	18,267,806	23,419,398	15,429,862	13,688,769	13,378,061	12,618,202	12,320,528	12,915,663	13,379,065
Pupil transportation	7,248,443	6,610,449	5,727,512	5,946,527	5,637,540	4,926,492	4,570,091	4,325,381	4,439,495	4,232,053
Student activities	2,303,175	1,947,150	1,721,837	1,874,008	2,048,478	2,415,134	2,369,349	2,083,201	2,059,042	1,921,171
Community services	809,581	604,423	713,793	563,350	521,462	631,102	565,494	562,794	478,937	475,841
Interest on long-term debt	8,749,165	7,516,471	7,409,890	7,814,218	6,137,433	6,060,779	4,984,094	6,139,351	6,362,354	6,578,306
Total governmental activities	<u>253,733,669</u>	<u>247,694,793</u>	<u>252,024,569</u>	<u>235,018,197</u>	<u>228,101,619</u>	<u>219,238,922</u>	<u>210,968,194</u>	<u>190,706,257</u>	<u>186,577,597</u>	<u>174,775,671</u>
Business-type activities										
Food service	7,260,936	6,266,519	4,281,671	6,791,769	7,238,786	7,082,342	7,406,613	7,020,269	6,656,020	6,351,425
Total primary government expenses	<u>\$ 260,994,605</u>	<u>\$ 253,961,312</u>	<u>\$ 256,306,240</u>	<u>\$ 241,809,966</u>	<u>\$ 235,340,405</u>	<u>\$ 226,321,264</u>	<u>\$ 218,374,807</u>	<u>\$ 197,726,526</u>	<u>\$ 193,233,617</u>	<u>\$ 181,127,096</u>
Program Revenues										
Governmental activities										
Charges for services										
Instruction	\$ 661,812	\$ 811,764	\$ 695,677	\$ 2,466,472	\$ 2,859,353	\$ 2,578,661	\$ 2,934,718	\$ 1,933,209	\$ 1,685,153	\$ 1,335,572
Non-instructional	78,818	90,824	2,010	71,329	87,633	97,720	100,160	684,399	652,548	727,547
Operating grants and contributions	93,422,795	82,630,593	73,672,621	71,246,601	65,370,856	63,880,961	64,488,863	50,206,955	51,462,512	44,295,009
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>94,163,425</u>	<u>83,533,181</u>	<u>74,370,308</u>	<u>73,784,402</u>	<u>68,317,842</u>	<u>66,557,342</u>	<u>67,523,741</u>	<u>52,824,563</u>	<u>53,800,213</u>	<u>46,358,128</u>
Business-type activities										
Food Service	196,308	18,222	80,859	548,959	658,249	667,086	604,724	705,272	622,352	683,422
Operating grants and contributions	7,822,213	8,254,578	4,039,114	6,318,981	7,702,867	7,654,158	7,412,184	7,090,226	6,615,635	5,791,307
Total business-type activities	<u>8,018,521</u>	<u>8,272,800</u>	<u>4,119,973</u>	<u>6,867,940</u>	<u>8,361,116</u>	<u>8,321,244</u>	<u>8,016,908</u>	<u>7,795,498</u>	<u>7,237,987</u>	<u>6,474,729</u>
Total primary government program revenues	<u>\$ 102,181,946</u>	<u>\$ 91,805,981</u>	<u>\$ 78,490,281</u>	<u>\$ 80,652,342</u>	<u>\$ 76,678,958</u>	<u>\$ 74,878,586</u>	<u>\$ 75,540,649</u>	<u>\$ 60,620,061</u>	<u>\$ 61,038,200</u>	<u>\$ 52,832,857</u>

Source: District records

Continued on next page

SCHOOL DISTRICT OF LANCASTER

CHANGES IN NET POSITION (DEFICIT) - UNAUDITED

Last ten fiscal years ending June 30,
Accrual basis of accounting

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Net (expense) revenue										
Governmental activities	\$ (159,570,244)	\$ (164,161,612)	\$ (177,654,261)	\$ (161,233,795)	\$ (159,783,777)	\$ (152,681,580)	\$ (143,444,453)	\$ (137,881,694)	\$ (132,777,384)	\$ (128,417,543)
Business-type activities	<u>757,585</u>	<u>2,006,281</u>	<u>(161,698)</u>	<u>76,171</u>	<u>1,122,330</u>	<u>1,238,902</u>	<u>610,295</u>	<u>775,229</u>	<u>581,967</u>	<u>123,304</u>
Total primary government net expense	<u>\$ (158,812,659)</u>	<u>\$ (162,155,331)</u>	<u>\$ (177,815,959)</u>	<u>\$ (161,157,624)</u>	<u>\$ (158,661,447)</u>	<u>\$ (151,442,678)</u>	<u>\$ (142,834,158)</u>	<u>\$ (137,106,465)</u>	<u>\$ (132,195,417)</u>	<u>\$ (128,294,239)</u>
General revenues and other changes in net position										
Governmental activities										
Property taxes	\$ 79,733,359	\$ 78,586,762	\$ 75,490,359	\$ 75,685,783	\$ 73,129,795	\$ 71,670,605	\$ 70,437,567	\$ 68,785,011	\$ 66,875,331	\$ 64,140,615
Taxes levied for specific purpose	12,477,667	11,610,685	10,484,071	9,764,661	10,406,197	9,009,258	8,694,565	7,959,627	7,778,660	7,287,117
Unrestricted grants	75,549,305	72,087,204	73,290,100	68,746,765	67,618,836	66,531,487	62,191,307	61,445,799	58,805,720	59,097,076
Investment earnings	2,983,918	(1,248,261)	(197,647)	3,018,134	2,749,234	846,332	306,157	277,321	107,470	121,699
Miscellaneous income	4,358,112	3,993,668	2,594,524	1,257,118	1,131,486	1,393,722	1,187,925	693,653	671,824	467,766
Transfers	<u>110,699</u>	<u>103,706</u>	<u>175,043</u>	<u>269,712</u>	<u>291,283</u>	<u>437,050</u>	<u>211,285</u>	<u>182,335</u>	<u>201,308</u>	<u>178,420</u>
Total governmental activities	<u>175,213,060</u>	<u>165,133,764</u>	<u>161,836,450</u>	<u>158,742,173</u>	<u>155,326,831</u>	<u>149,888,454</u>	<u>143,028,806</u>	<u>139,343,746</u>	<u>134,440,313</u>	<u>131,292,693</u>
Business-type activities										
Investment earnings	3,492	1,025	748	2,830	3,944	2,389	1,846	2,374	1,548	1,413
Transfers	<u>(110,699)</u>	<u>(103,706)</u>	<u>(175,043)</u>	<u>(269,712)</u>	<u>(291,283)</u>	<u>(437,050)</u>	<u>(211,285)</u>	<u>(182,335)</u>	<u>(201,308)</u>	<u>(178,420)</u>
Total business-type activities	<u>(107,207)</u>	<u>(102,681)</u>	<u>(174,295)</u>	<u>(266,882)</u>	<u>(287,339)</u>	<u>(434,661)</u>	<u>(209,439)</u>	<u>(179,961)</u>	<u>(199,760)</u>	<u>(177,007)</u>
Total primary government	<u>\$ 175,105,853</u>	<u>\$ 165,031,083</u>	<u>\$ 161,662,155</u>	<u>\$ 158,475,291</u>	<u>\$ 155,039,492</u>	<u>\$ 149,453,793</u>	<u>\$ 142,819,367</u>	<u>\$ 139,163,785</u>	<u>\$ 134,240,553</u>	<u>\$ 131,115,686</u>
Change in net position										
Governmental activities	\$ 15,642,816	\$ 972,152	\$ (15,817,811)	\$ (2,491,622)	\$ (4,456,946)	\$ (2,793,126)	\$ (415,647)	\$ 1,462,052	\$ 1,662,929	\$ 2,875,150
Business-type activities	<u>650,378</u>	<u>1,903,600</u>	<u>(335,993)</u>	<u>(190,711)</u>	<u>834,991</u>	<u>804,241</u>	<u>400,856</u>	<u>595,268</u>	<u>382,207</u>	<u>(53,703)</u>
Total primary government	<u>\$ 16,293,194</u>	<u>\$ 2,875,752</u>	<u>\$ (16,153,804)</u>	<u>\$ (2,682,333)</u>	<u>\$ (3,621,955)</u>	<u>\$ (1,988,885)</u>	<u>\$ (14,791)</u>	<u>\$ 2,057,320</u>	<u>\$ 2,045,136</u>	<u>\$ 2,821,447</u>

Source: District records

SCHOOL DISTRICT OF LANCASTER

FUND BALANCES OF GOVERNMENTAL FUNDS - UNAUDITED

Last ten fiscal years ending June 30,
Modified accrual basis of accounting

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund										
Nonspendable										
Inventory	\$ 134,247	\$ 173,701	\$ 207,895	\$ 301,029	\$ 200,150	\$ 188,023	\$ 203,164	\$ 245,180	\$ 150,188	\$ 157,035
Prepaid items	66,200	32,299	82,844	97,509	31,004	14,770	115,653	24,698	23,633	18,413
Committed to										
PSERS	-	-	-	-	-	-	2,321,121	2,321,121	2,321,121	2,321,121
Capital projects	-	-	-	-	-	-	-	2,300,000	2,300,000	-
Fiscal stabilization	2,500,000	5,000,000	5,000,000	-	-	-	-	-	-	-
Security projects	-	-	-	1,000,000	1,000,000	1,000,000	-	-	-	-
Technology projects	-	-	-	2,500,000	2,500,000	2,500,000	-	-	-	-
Assigned to										
Student athletics	220,215	220,215	198,215	198,215	138,476	138,476	1,373,801	44,582	393,376	289,135
Repairs and maintenance contingency	2,750,000	2,750,000	2,750,000	2,750,000	2,750,000	2,750,000	1,000,000	1,000,000	1,000,000	1,000,000
Unassigned	12,185,689	14,523,023	17,210,188	24,140,245	23,745,393	22,511,156	24,453,132	22,522,773	19,438,823	17,965,231
Total general fund	<u>\$ 17,856,351</u>	<u>\$ 22,699,238</u>	<u>\$ 25,449,142</u>	<u>\$ 30,986,998</u>	<u>\$ 30,365,023</u>	<u>\$ 29,102,425</u>	<u>\$ 29,466,871</u>	<u>\$ 28,458,354</u>	<u>\$ 25,627,141</u>	<u>\$ 21,750,935</u>
All other governmental funds										
Nonspendable										
Prepaid items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,156
Restricted for										
Debt service	21,739,485	18,853,800	17,438,570	14,995,387	10,206,169	5,981,367	2,928,016	1,135,058	35,945	25,148
Capital projects funds	41,951,341	13,248,925	24,836,336	17,828,512	17,039,252	27,762,144	30,459,799	594,307	803,883	769,419
Unassigned (deficit)	-	(3,415,680)	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 63,690,826</u>	<u>\$ 28,687,045</u>	<u>\$ 42,274,906</u>	<u>\$ 32,823,899</u>	<u>\$ 27,245,421</u>	<u>\$ 33,743,511</u>	<u>\$ 33,387,815</u>	<u>\$ 1,729,365</u>	<u>\$ 839,828</u>	<u>\$ 802,723</u>
Total governmental fund balances	<u>\$ 81,547,177</u>	<u>\$ 51,386,283</u>	<u>\$ 67,724,048</u>	<u>\$ 63,810,897</u>	<u>\$ 57,610,444</u>	<u>\$ 62,845,936</u>	<u>\$ 62,854,686</u>	<u>\$ 30,187,719</u>	<u>\$ 26,466,969</u>	<u>\$ 22,553,658</u>

Source: District records

SCHOOL DISTRICT OF LANCASTER

CHANGES IN GOVERNMENTAL FUND BALANCES - UNAUDITED

Last ten fiscal years ending June 30,
Modified accrual basis of accounting

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues										
Local sources	\$ 101,149,846	\$ 94,342,294	\$ 90,276,920	\$ 91,842,060	\$ 91,133,087	\$ 85,768,202	\$ 85,645,501	\$ 80,900,521	\$ 78,733,672	\$ 74,940,658
State sources	134,227,701	120,035,149	118,026,580	118,827,474	113,505,116	109,052,733	106,826,894	93,868,542	92,866,322	85,312,270
Federal sources	33,723,980	34,489,764	28,446,501	20,724,878	19,206,516	21,175,997	17,792,245	16,778,242	16,806,971	17,288,476
Total revenues	<u>269,101,527</u>	<u>248,867,207</u>	<u>236,750,001</u>	<u>231,394,412</u>	<u>223,844,719</u>	<u>215,996,932</u>	<u>210,264,640</u>	<u>191,547,305</u>	<u>188,406,965</u>	<u>177,541,404</u>
Expenditures										
Current										
Instruction	155,320,391	150,459,376	145,384,278	139,522,870	135,697,513	130,750,388	125,151,677	118,597,713	115,654,698	111,729,875
Support services	81,944,124	77,520,649	78,391,791	70,992,428	68,561,528	63,024,665	60,107,790	54,605,305	52,293,662	49,873,635
Operation of noninstructional services	3,199,480	2,550,212	2,311,449	2,362,224	2,527,343	3,082,902	2,927,360	2,734,054	2,688,102	2,457,439
Facilities acquisition, construction and improvement services	1,105,684	726,486	804,640	2,239,373	1,299,709	1,938,088	488,340	-	-	-
Capital outlay	8,192,150	15,001,616	19,011,898	24,610,855	31,708,341	7,101,579	1,473,053	479,585	245,044	13,900,899
Debt service:										
Principal	11,438,775	11,911,591	10,512,294	8,688,865	8,112,010	8,156,576	9,971,274	9,421,696	11,296,212	11,352,379
Interest	9,898,920	8,828,060	8,646,638	8,070,515	6,407,482	6,444,995	5,744,211	6,050,369	6,507,567	6,710,190
Bond issuance costs	-	-	332,862	487,925	305,099	-	750,371	-	103,500	110,873
Total expenditures	<u>271,099,524</u>	<u>266,997,990</u>	<u>265,395,850</u>	<u>256,975,055</u>	<u>254,619,025</u>	<u>220,499,193</u>	<u>206,614,076</u>	<u>191,888,722</u>	<u>188,788,785</u>	<u>196,135,290</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,997,997)</u>	<u>(18,130,783)</u>	<u>(28,645,849)</u>	<u>(25,580,643)</u>	<u>(30,774,306)</u>	<u>(4,502,261)</u>	<u>3,650,564</u>	<u>(341,417)</u>	<u>(381,820)</u>	<u>(18,593,886)</u>
Other financing sources (uses)										
Issuance of refunding debt	-	-	-	17,280,000	-	-	41,775,000	-	9,875,000	7,725,000
Payments to refunded bond escrow agent	-	-	-	(18,466,327)	-	-	(46,296,688)	-	(9,771,500)	(7,745,370)
Issuance of debt	36,781,112	4,189,312	28,800,421	27,393,459	24,528,558	4,056,461	22,802,955	3,879,832	3,990,323	3,638,767
Premium on bonds issued	-	-	3,583,536	5,304,252	718,973	-	8,523,851	-	-	131,243
Discount on bonds issued	(632,920)	-	-	-	-	-	-	-	-	-
Transfers in	12,123,582	3,218,724	3,252,484	3,369,550	3,463,732	7,640,729	10,086,343	1,403,348	628,759	198,197
Transfers out	(16,112,883)	(5,615,018)	(3,077,441)	(3,099,838)	(3,172,449)	(7,203,679)	(7,875,058)	(1,221,013)	(427,451)	(19,777)
Total other financing sources (uses)	<u>32,158,891</u>	<u>1,793,018</u>	<u>32,559,000</u>	<u>31,781,096</u>	<u>25,538,814</u>	<u>4,493,511</u>	<u>29,016,403</u>	<u>4,062,167</u>	<u>4,295,131</u>	<u>3,928,060</u>
Net change in fund balances	<u>\$ 30,160,894</u>	<u>\$ (16,337,765)</u>	<u>\$ 3,913,151</u>	<u>\$ 6,200,453</u>	<u>\$ (5,235,492)</u>	<u>\$ (8,750)</u>	<u>\$ 32,666,967</u>	<u>\$ 3,720,750</u>	<u>\$ 3,913,311</u>	<u>\$ (14,665,826)</u>
Debt service as a percentage of noncapital expenditures	8%	8%	8%	7%	7%	7%	8%	8%	9%	10%

Source: District records

SCHOOL DISTRICT OF LANCASTER

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY - UNAUDITED

Last ten fiscal years ending June 30,

Real Property

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Less: Tax Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
2023	\$2,438,935,500	\$2,313,871,700	\$1,100,576,800	\$3,652,230,400	23.3531	\$3,652,230,400	100.00%
2022	2,428,083,100	2,299,873,800	1,092,665,900	3,635,291,000	22.6731	3,635,291,000	100.00%
2021	2,421,534,600	2,297,003,000	1,083,646,800	3,634,890,800	22.2824	3,634,890,800	100.00%
2020	2,411,007,800	2,325,871,600	1,111,813,400	3,625,066,000	21.8734	3,625,066,000	100.00%
2019	2,394,581,900	2,327,920,200	1,106,781,800	3,615,720,300	21.3274	3,615,720,300	100.00%
2018	1,781,915,000	1,733,003,200	829,610,900	2,685,307,300	28.2568	2,685,307,300	100.00%
2017	1,778,550,500	1,744,072,500	837,625,800	2,684,997,200	27.7572	2,684,997,200	100.00%
2016	1,775,495,200	1,739,389,300	837,042,400	2,677,842,100	27.2129	2,677,842,100	100.00%
2015	1,772,172,000	1,731,608,300	835,316,300	2,668,464,000	26.6793	2,668,464,000	100.00%
2014	1,770,321,300	1,718,589,200	830,624,000	2,658,286,500	25.9224	2,658,286,500	100.00%

\$

Note: Property in Lancaster County is assessed based upon 100 percent of the base year estimated market value.

Source: Lancaster County Assessment Office

SCHOOL DISTRICT OF LANCASTER

PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS - UNAUDITED

Last ten fiscal years ending June 30,

<u>Fiscal Year</u>	<u>Direct Rates</u>	<u>Overlapping Rates</u>			<u>Total Direct and Overlapping Rates</u>
	<u>School District</u>	<u>County</u>	<u>City of Lancaster</u>	<u>Lancaster Township</u>	
2023	23.3531	2.911	12.640	1.910	40.8141
2022	22.6731	2.911	11.700	0.910	38.1941
2021	22.2824	2.911	11.700	0.910	37.8034
2020	21.8734	2.911	11.700	0.910	37.3944
2019	21.3274	2.911	11.700	0.910	36.8484
2018	28.2568	3.735	14.440	1.200	47.6318
2017	27.7572	3.735	14.020	0.600	46.1122
2016	27.2129	3.735	14.020	0.600	45.5679
2015	26.6793	3.735	13.040	0.600	44.0543
2014	25.9224	3.735	13.040	0.600	43.2974

Source: District and Municipality records

SCHOOL DISTRICT OF LANCASTER

PRINCIPAL TAXPAYERS - UNAUDITED

Current Year and Nine Years Ago

	2023			Taxpayer	2014		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Valuation		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Valuation
Taxpayer							
Park City Center Business Trust	\$142,325,700	1	3.90%	Park City Center Business Trust	\$129,942,300	1	4.89%
Lancaster General Hospital	22,123,200	2	0.61%	Rose City HMA	20,580,600	2	0.77%
Urban Place LP	17,000,000	3	0.47%	RR Donnelley & Sons	11,367,800	3	0.43%
Franklin & Marshall College	12,116,600	4	0.33%	Treeco Manor LTD Partnership	9,453,500	4	0.36%
Hawthorne Gardens LP	11,531,900	5	0.32%	EDC Finance Corp.	9,240,000	5	0.35%
Fulton Bank NA	11,467,500	6	0.31%	Pax Mall Realty Co. LP	8,832,000	6	0.33%
LSC Communications US LLC	11,367,900	7	0.31%	Burle Business Park LP	8,500,000	7	0.32%
Conestoga View SNF Realty LLC	11,101,000	8	0.30%	101 North Queen Associates LP	8,385,000	8	0.32%
Solomon Organization LLC	11,091,400	9	0.30%	S&P Real Estate Co. LP	8,335,600	9	0.31%
Montgomery Acquisition LP	<u>10,743,000</u>	10	<u>0.29%</u>	Kensington Club of PA, LLC	<u>7,470,400</u>	10	<u>0.28%</u>
Total	<u>\$260,868,200</u>		<u>7.14%</u>	Total	<u>\$222,107,200</u>		<u>8.36%</u>

Source: Lancaster County Assessment Office

SCHOOL DISTRICT OF LANCASTER

PROPERTY TAX LEVIES AND COLLECTIONS - UNAUDITED

Last ten fiscal years ending June 30,

<u>Fiscal Year</u>	<u>Total Levy</u>	<u>Homestead Exemptions</u>	<u>Net Levy</u>	<u>Collected within Tax Levy Period⁽²⁾</u>		<u>Collections in Subsequent Tax Levy Years⁽²⁾</u>	<u>Total Collections to Date</u>	
				<u>Amount⁽¹⁾</u>	<u>Percentage of Net Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2023	\$85,290,902	\$6,301,174	\$78,989,728	\$76,458,938	96.80%	\$1,327,952	\$77,786,890	98.48%
2022	82,423,316	4,999,164	77,424,152	72,826,556	94.06%	1,844,864	74,671,420	96.44%
2021	81,004,490	4,989,563	76,014,927	72,826,556	95.81%	3,047,889	75,874,445	99.82%
2020	79,292,519	4,987,864	74,304,655	71,322,211	95.99%	2,982,444	74,304,655	100.00%
2019	77,113,913	4,987,594	72,126,319	69,468,729	96.32%	2,657,590	72,126,319	100.00%
2018	75,878,191	4,984,431	70,893,760	68,123,782	96.09%	2,769,978	70,893,760	100.00%
2017	74,528,004	5,073,200	69,454,804	66,826,467	96.22%	2,622,313	69,448,780	99.99%
2016	72,871,849	4,985,614	67,886,235	65,010,667	95.76%	2,665,688	67,676,355	99.69%
2015	71,103,304	4,983,535	66,119,769	63,731,569	96.39%	2,388,200	66,119,769	100.00%
2014	68,950,712	4,979,368	63,971,344	61,043,406	95.42%	2,927,938	63,971,344	100.00%

⁽¹⁾Amount is net of penalties and discounts.

⁽²⁾Tax levy year is July 1 to December 31.

SCHOOL DISTRICT OF LANCASTER

RATIOS OF OUTSTANDING DEBT BY TYPE - UNAUDITED

Last ten fiscal years ending June 30,

Fiscal Year	Primary Government					Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
	General Obligation Bonds	Leases	Subscriptions	Collateralized Borrowing	Totals		
2023	\$205,699,706	\$1,995,241	\$188,836	\$3,333,176	\$211,216,959	0.62%	\$381
2022	183,911,727	921,593	310,472	2,980,373	188,124,165	0.55%	340
2021	192,320,384	1,587,380	-	3,805,697	197,713,461	0.58%	357
2020	173,601,010	2,579,834	-	3,501,876	179,682,720	0.56%	329
2019	154,284,417	1,535,167	-	3,034,698	158,854,282	0.54%	291
2018	139,468,672	787,345	-	3,135,400	143,391,417	0.50%	264
2017	144,929,608	669,510	-	3,516,513	149,115,631	0.56%	275
2016	126,996,350	1,281,463	-	3,879,832	132,157,645	0.54%	245
2015	133,441,372	1,923,971	-	2,996,696	138,362,039	0.57%	258
2014	141,249,391	971,423	-	3,230,833	145,451,647	0.65%	273

⁽¹⁾See the Schedule of Demographic and Economic Statistics for personal income and population data.

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements. There was no outstanding debt for the Business-Type Activities for the years shown.

SCHOOL DISTRICT OF LANCASTER

RATIOS OF GENERAL BONDED DEBT OUTSTANDING - UNAUDITED

Last ten fiscal years ending June 30,

<u>Fiscal Year</u>	<u>General Bonded Debt</u>	<u>Funds Restricted for Debt Service</u>	<u>Net General Bonded Debt</u>	<u>Percentage of Estimated Actual Taxable Value of Property⁽¹⁾</u>	<u>Per Capita⁽²⁾</u>
2023	\$205,699,706	\$21,739,485	\$183,960,221	5.04%	332
2022	183,911,727	18,853,800	165,057,927	4.54%	298
2021	192,320,384	17,438,570	174,881,814	4.81%	316
2020	173,601,010	14,995,387	158,605,623	4.38%	290
2019	154,284,417	10,206,169	144,078,248	3.98%	264
2018	139,468,672	5,981,367	133,487,305	4.97%	246
2017	144,929,608	2,928,016	142,001,592	5.29%	262
2016	126,996,350	1,135,058	125,861,292	4.70%	234
2015	133,441,372	35,945	133,405,427	5.00%	249
2014	141,249,391	25,148	141,224,243	5.31%	265

⁽¹⁾See the Schedule of Revenue base for Estimated Actual Taxable Value of property data.

⁽²⁾See the Schedule of Demographic and Economic Statistics for population data.

*Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.
There was no outstanding debt for the Business-Type Activities for the years shown.*

SCHOOL DISTRICT OF LANCASTER

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT - UNAUDITED

June 30, 2023

<u>Fiscal Year</u>	<u>General Obligation Debt Outstanding</u>	<u>Percentage Applicable to Government</u>	<u>Amount Applicable to Government</u>
Direct Debt			
2010 QCSB	\$ 30,000,000	100.00%	\$ 30,000,000
GOB Series 2011 - QSCB	34,789,000	100.00%	34,789,000
GOB Series A of 2016	22,190,519	100.00%	22,190,519
GOB Series B of 2016	16,645,481	100.00%	16,645,481
GOB Series 2018	10,014,779	100.00%	10,014,779
GOB Series 2019	10,452,734	100.00%	10,452,734
GOB Series A of 2019	20,687,986	100.00%	20,687,986
GOB Series B of 2019	6,060,738	100.00%	6,060,738
GOB Series 2020	24,406,831	100.00%	24,406,831
GOB Series 2022	30,451,638	100.00%	30,451,638
Leases	1,995,241	100.00%	1,995,241
Subscriptions	188,836	100.00%	188,836
Collateral Borrowing	<u>3,333,176</u>	100.00%	<u>3,333,176</u>
Total direct debt	<u>211,216,959</u>		<u>211,216,959</u>
Overlapping debt⁽¹⁾			
Lancaster County ⁽²⁾	130,290,000	1.36%	1,774,274
City of Lancaster	63,120,000	100.00%	63,120,000
Lancaster Township	<u>-</u>	100.00%	<u>-</u>
Total overlapping debt	<u>193,410,000</u>		<u>64,894,274</u>
Total direct and overlapping debt	<u>\$404,626,959</u>		<u>\$276,111,233</u>

⁽¹⁾ Debt paid from taxes levied by municipal governments other than the District.

⁽²⁾ The percentage of overlapping debt is based on total square miles for the City of Lancaster and Lancaster Township as a percentage of total Lancaster County area square miles.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the school district. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the School District of Lancaster. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: Overlapping Municipality Finance Offices

SCHOOL DISTRICT OF LANCASTER

LEGAL DEBT MARGIN INFORMATION - UNAUDITED

*Last ten fiscal years ending June 30,
(Amounts expressed in thousands)*

	Fiscal Year									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Debt limit	\$549,417	\$520,661	\$504,565	\$488,459	\$486,168	\$463,052	\$442,523	\$417,970	\$404,687	\$388,962
Total net debt applicable to limit	<u>205,700</u>	<u>183,912</u>	<u>192,320</u>	<u>173,601</u>	<u>154,284</u>	<u>139,469</u>	<u>144,930</u>	<u>126,996</u>	<u>133,441</u>	<u>141,249</u>
Legal debt margin	<u>\$343,717</u>	<u>\$336,750</u>	<u>\$312,245</u>	<u>\$314,858</u>	<u>\$331,884</u>	<u>\$323,583</u>	<u>\$297,593</u>	<u>\$290,974</u>	<u>\$271,246</u>	<u>\$247,712</u>
Total net debt applicable to the limit as a percentage of debt limit	37.44%	35.32%	38.12%	35.54%	31.73%	30.12%	32.75%	30.38%	32.97%	36.31%
Borrowing base revenues										
2023	\$258,755									
2022	243,068									
2021	<u>230,732</u>									
Total revenues ⁽¹⁾	<u>\$732,555</u>									
Average borrowing base (total revenues divided by 3)	\$244,185									
Debt limit percentage ⁽²⁾	<u>225%</u>									
Debt limit	549,417									
Outstanding Debt	<u>205,700</u>									
Legal debt margin	<u>\$343,717</u>									

⁽¹⁾Total revenues and other financing sources less debt proceeds, transfers, interest in sinking funds, and other non-recurring items.

⁽²⁾Source: Local Government Unit Debt Act

SCHOOL DISTRICT OF LANCASTER

PRINCIPAL EMPLOYERS - LANCASTER AND SURROUNDING AREAS - UNAUDITED

Current Year and Ten Years Ago

<u>Taxpayer</u>	<u>2022 Calendar Year</u>			<u>2013 Calendar Year</u>		
	<u>Employees</u> ⁽²⁾	<u>Rank</u> ⁽¹⁾	<u>Percentage of Total Employment</u>	<u>Employees</u> ⁽²⁾	<u>Rank</u> ⁽¹⁾	<u>Percentage of Total Employment</u>
Lancaster General Hospital	9,680	1	55.41%	7,301	1	38.93%
Giant Food Stores	***	2	N/A	*		N/A
County of Lancaster	1,732	3	9.91%	1,966	2	10.48%
Eurofins Lancaster Laboratories	***	4	N/A	*		N/A
Nordstrom Inc.	***	5	N/A	*		N/A
School District of Lancaster	1,653	6	9.46%	1,580	6	8.42%
Dart Container Corporation	***	7	N/A	1,548	7	8.25%
Lancaster Lebanon Intermediate Unit	1,605	8	9.19%	1,336	10	7.12%
Masonic Villages of the Grand Lodge	1,529	9	8.75%	*		N/A
Fulton Bank NA	1,270	10	7.27%	*		N/A
Ephrata Community Hospital Inc.	*		N/A	1,872	3	9.98%
RR Donnelley & Sons	*		N/A	**	4	N/A
Armstrong World Industries	*		N/A	1,500	10	8.00%
Manheim Remarketing Inc.	*		N/A	**	7	N/A
Turkey Hill	*		N/A	<u>1,652</u>	5	<u>8.81%</u>
Total	<u>17,469</u>		<u>100.00%</u>	<u>18,755</u>		<u>100.00%</u>
Total Employees in County	<u>231,635</u> ⁽¹⁾			<u>222,252</u> ⁽¹⁾		

Note: Only top 10 employers

* *Company not included in top 10 ranking for the year.*

** *Information is not available.*

*** *Data not provided.*

Source: 2022 County of Lancaster Financial Report

⁽¹⁾ *Center for Workforce Information & Analysis, PA Department of Labor & Industry*

⁽²⁾ *Individual Employers*

SCHOOL DISTRICT OF LANCASTER

DEMOGRAPHIC AND ECONOMIC STATISTICS - UNAUDITED

Last ten fiscal years ending June 30,

<u>Fiscal Year</u>	<u>Population of County⁽¹⁾</u>	<u>Personal Income (Expressed in Thousands)⁽²⁾</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate - County⁽³⁾</u>	<u>School Enrollment</u>
2023	553,652	\$ 34,075,719	\$61,547	3.20%	10,075
2022	553,652	34,075,719	61,547	3.80%	10,189
2021	553,652	34,075,719	61,547	5.10%	10,384
2020	546,192	31,916,314	58,434	11.20%	10,874
2019	545,724	29,640,682	54,314	3.80%	11,068
2018	543,557	28,625,770	52,664	3.60%	11,195
2017	542,903	26,714,515	49,207	4.10%	11,315
2016	538,500	24,684,347	45,839	4.40%	11,136
2015	536,624	24,145,511	44,995	4.50%	11,256
2014	533,320	22,245,595	41,712	4.80%	10,746

Note: We have used 2021 personal income and population information for both 2022 and 2023 since this information is unavailable from data source.

Data Sources

(1) US Census Bureau

(2) Bureau of Labor Statistics, US Department of Labor

(3) Bureau of Economic Analysis

SCHOOL DISTRICT OF LANCASTER

FULL-TIME EQUIVALENTS (FTE) EMPLOYEES - UNAUDITED

Last ten fiscal years ending June 30,

		<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Instruction	Certified	628.00	626.00	646.00	653.00	652.00	650.00	647.00	645.00	641.00	636.00
	Support	123.00	135.00	123.00	123.00	132.00	126.00	126.00	126.00	119.00	118.00
Special Programs	Certified	187.00	187.00	184.00	187.00	180.00	178.00	176.00	176.00	166.00	163.00
	Support	156.00	169.00	172.00	164.00	156.00	150.00	150.00	150.00	141.00	145.00
Vocational	Certified	10.00	11.00	11.00	10.00	11.00	11.00	11.00	10.00	10.00	10.00
Other Instructional	Certified	2.00	3.00	3.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00
	Support	-	-	-	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Pre-Kindergarten	Certified	22.00	22.00	24.00	23.00	23.00	22.00	22.00	20.00	21.00	20.00
	Support	24.00	26.00	24.00	21.00	21.00	21.00	21.00	20.00	20.00	24.00
Student Support	Certified	55.00	56.00	53.00	53.00	52.00	52.00	52.00	54.00	54.00	53.00
	Support	14.00	14.00	10.00	13.00	14.00	11.00	11.00	10.00	10.00	12.00
	Administrative	43.00	40.00	43.00	42.00	46.00	41.00	41.00	28.00	21.00	21.00
Instructional Support	Certified	44.00	45.00	43.00	45.00	34.00	33.00	31.00	31.00	31.00	30.00
	Support	20.00	16.00	16.00	17.00	17.00	16.00	16.00	15.00	15.00	18.00
	Administrative	10.00	14.00	14.00	20.00	21.00	19.00	19.00	17.00	16.00	14.00
Administrative	Support	42.00	40.00	36.00	43.00	44.00	44.00	44.00	42.00	41.00	49.00
	Administrative	56.00	55.00	54.00	57.00	56.00	51.00	51.00	48.00	48.00	44.00
Pupil Health	Certified	22.00	14.00	13.00	11.00	11.00	12.00	12.00	11.00	11.00	11.00
	Support	18.00	13.00	16.00	24.00	24.00	24.00	24.00	23.00	23.00	27.00
	Administrative	1.00	1.00	1.00	1.00	1.00	-	-	-	-	-
Business Services	Support	4.00	6.00	4.00	5.00	5.00	5.00	5.00	5.00	5.00	6.00
	Administrative	9.00	10.00	8.00	11.00	11.00	11.00	11.00	10.00	9.00	8.00
Operation & Maintenance Services	Support	13.00	15.00	15.00	16.00	15.00	15.00	14.00	14.00	101.00	101.00
	Administrative	4.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00
Transportation	Support	3.00	7.00	8.00	7.00	7.00	8.00	8.00	8.00	8.00	9.00
	Administrative	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.00
Central Support	Support	8.00	9.00	8.00	9.00	9.00	8.00	8.00	8.00	8.00	9.00
	Administrative	25.00	32.00	30.00	28.00	31.00	27.00	27.00	24.00	22.00	20.00
Food Services	Support	59.00	73.00	73.00	72.00	72.00	69.00	69.00	69.00	65.00	65.00
	Administrative	4.00	6.00	6.00	5.00	5.00	5.00	4.00	4.00	4.00	4.00
Student Activities	Support	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	Administrative	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Total Staff		<u>1,610.00</u>	<u>1,653.00</u>	<u>1,646.00</u>	<u>1,672.00</u>	<u>1,662.00</u>	<u>1,622.00</u>	<u>1,613.00</u>	<u>1,581.00</u>	<u>1,622.00</u>	<u>1,628.00</u>

Source: School District of Lancaster, Office of Human Resources

SCHOOL DISTRICT OF LANCASTER

EXPENDITURES BY FUNCTION - GENERAL FUND - UNAUDITED

Last ten fiscal years ending June 30,
(Expressed in thousands)

<u>Function</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Regular programs	\$ 97,370	\$ 96,571	\$ 93,951	\$ 89,552	\$ 86,559	\$ 84,058	\$ 81,166	\$ 77,387	\$ 75,851	\$ 72,662
	34.95%	37.49%	37.71%	38.11%	38.34%	38.10%	38.24%	40.17%	40.18%	39.92%
Special programs	39,811	36,920	35,302	34,534	32,989	30,477	28,685	26,393	25,539	25,483
	14.29%	14.33%	14.17%	14.70%	14.61%	13.82%	13.51%	13.70%	13.53%	14.00%
Vocational programs	1,758	1,794	1,868	2,025	2,305	2,152	1,772	1,925	2,020	1,877
	0.63%	0.70%	0.75%	0.86%	1.02%	0.98%	0.83%	1.00%	1.07%	1.03%
Other instructional programs	9,744	9,494	8,222	8,024	8,619	8,533	8,383	8,400	8,263	8,175
	3.50%	3.69%	3.30%	3.41%	3.82%	3.87%	3.95%	4.36%	4.38%	4.49%
Nonpublic school programs	101	66	399	39	-	-	-	-	-	-
	0.04%	0.03%	0.16%	0.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Community College programs	63	50	58	76	81	90	46	38	84	54
	0.02%	0.02%	0.02%	0.03%	0.04%	0.04%	0.02%	0.02%	0.04%	0.03%
Pre-kindergarten programs	6,473	5,565	5,583	5,274	5,145	5,441	5,099	4,455	3,898	3,480
	2.32%	2.16%	2.24%	2.24%	2.28%	2.47%	2.40%	2.31%	2.06%	1.91%
Pupil personnel services	15,545	14,167	13,651	12,397	12,132	11,525	10,405	9,322	7,761	7,340
	5.58%	5.50%	5.48%	5.28%	5.37%	5.22%	4.90%	4.84%	4.11%	4.03%
Instructional staff services	13,245	12,600	12,337	11,961	13,812	11,217	11,050	8,452	7,458	6,678
	4.75%	4.89%	4.95%	5.09%	6.12%	5.08%	5.21%	4.39%	3.95%	3.67%
Administrative services	12,195	11,798	11,410	12,245	12,216	11,316	11,618	10,588	10,117	9,459
	4.38%	4.58%	4.58%	5.21%	5.41%	5.13%	5.47%	5.50%	5.36%	5.20%
Pupil health	3,288	3,231	2,983	2,836	2,599	2,539	2,441	2,483	2,300	2,134
	1.18%	1.25%	1.20%	1.21%	1.15%	1.15%	1.15%	1.29%	1.22%	1.17%
Business services	3,707	3,792	3,230	3,466	3,496	3,241	3,141	3,172	3,227	2,836
	1.33%	1.47%	1.30%	1.48%	1.55%	1.47%	1.48%	1.65%	1.71%	1.56%

Notes:

The totals on percentages may not equal an even 100% due to rounding.

These amounts represent expenditures and other financing uses of the General Fund only.

Source: District Records

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SCHOOL DISTRICT OF LANCASTER

EXPENDITURES BY FUNCTION - GENERAL FUND - UNAUDITED

Last ten fiscal years ending June 30,
(Expressed in thousands)

<u>Function</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Operation and maintenance of plant service:	21,087	18,024	24,397	19,210	14,516	14,916	12,496	11,976	11,894	12,881
	7.57%	7.00%	9.79%	8.18%	6.43%	6.76%	5.89%	6.22%	6.30%	7.08%
Student transportation services	7,262	6,628	5,709	5,930	5,626	4,911	4,558	4,317	4,427	4,232
	2.61%	2.57%	2.29%	2.52%	2.49%	2.23%	2.15%	2.24%	2.35%	2.32%
Central support services	6,257	7,938	5,432	5,142	5,418	5,255	4,842	4,252	5,065	4,226
	2.25%	3.08%	2.18%	2.19%	2.40%	2.38%	2.28%	2.21%	2.68%	2.32%
Other support services	47	46	47	45	45	45	45	44	44	43
	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%
Student activities	2,384	1,942	1,602	1,802	2,008	2,092	2,089	1,861	1,813	1,691
	0.86%	0.75%	0.64%	0.77%	0.89%	0.95%	0.98%	0.97%	0.96%	0.93%
Community services	816	608	710	560	519	626	556	651	473	476
	0.29%	0.24%	0.28%	0.24%	0.23%	0.28%	0.26%	0.34%	0.25%	0.26%
Scholarships and awards	-	-	-	-	-	365	283	221	221	228
	0.00%	0.00%	0.00%	0.00%	0.00%	0.17%	0.13%	0.11%	0.12%	0.13%
Debt service	21,338	20,740	19,159	16,759	14,519	14,602	15,715	15,472	17,907	18,063
	7.66%	8.05%	7.69%	7.13%	6.43%	6.62%	7.40%	8.03%	9.49%	9.92%
Transfers to other funds	16,113	5,615	3,077	3,100	3,172	7,204	7,875	1,221	427	10
	5.78%	2.18%	1.24%	1.32%	1.41%	3.27%	3.71%	0.63%	0.23%	0.01%
Total	\$ 278,602	\$ 257,588	\$ 249,129	\$ 234,976	\$ 225,778	\$ 220,601	\$ 212,266	\$ 192,630	\$ 188,790	\$ 182,025
October 1 pupil count	10,075	10,189	10,384	10,874	11,068	11,195	11,315	11,136	11,256	10,746
Average expenditures per pupil	\$27,653	\$25,281	\$23,992	\$21,609	\$20,399	\$19,705	\$18,760	\$17,298	\$16,772	\$16,939

Notes:

The totals on percentages may not equal an even 100% due to rounding.

These amounts represent expenditures and other financing uses of the General Fund only.

Source: District Records

SCHOOL DISTRICT OF LANCASTER

COST PER STUDENT BY FUNCTION - GENERAL FUND - UNAUDITED

Last ten fiscal years ending June 30,

<u>Function</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Regular Programs	\$ 9,665	\$ 10,367	\$ 9,048	\$ 8,235	\$ 7,821	\$ 7,508	\$ 7,174	\$ 6,949	\$ 6,739	\$ 6,762
	34.95%	37.49%	37.71%	38.11%	38.34%	38.10%	38.24%	40.17%	40.18%	39.92%
Special Programs	3,951	3,963	3,400	3,176	2,981	2,722	2,534	2,370	2,269	2,371
	14.29%	14.33%	14.17%	14.70%	14.61%	13.82%	13.51%	13.70%	13.53%	14.00%
Vocational Programs	175	193	180	186	208	192	156	173	179	175
	0.63%	0.70%	0.75%	0.86%	1.02%	0.98%	0.83%	1.00%	1.07%	1.03%
Other Instructional Programs	967	1,019	792	738	779	762	741	754	734	761
	3.50%	3.69%	3.30%	3.41%	3.82%	3.87%	3.95%	4.36%	4.38%	4.49%
Nonpublic School Programs	10	7	38	4	-	-	-	-	-	-
	0.04%	0.03%	0.16%	0.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Community College Programs	6	5	6	7	7	8	4	3	7	5
	0.02%	0.02%	0.02%	0.03%	0.04%	0.04%	0.02%	0.02%	0.04%	0.03%
Pre-kindergarten Programs	642	597	538	485	465	486	450	400	346	324
	2.32%	2.16%	2.24%	2.24%	2.28%	2.47%	2.40%	2.31%	2.06%	1.91%
Pupil Personnel Services	1,543	1,521	1,315	1,140	1,096	1,029	919	837	690	683
	5.58%	5.50%	5.48%	5.28%	5.37%	5.22%	4.90%	4.84%	4.11%	4.03%
Instructional Staff Services	1,315	1,353	1,188	1,100	1,248	1,002	977	759	663	621
	4.75%	4.89%	4.95%	5.09%	6.12%	5.08%	5.21%	4.39%	3.95%	3.67%
Administrative Services	1,210	1,267	1,099	1,126	1,104	1,011	1,026	951	899	880
	4.38%	4.58%	4.58%	5.21%	5.41%	5.13%	5.47%	5.50%	5.36%	5.20%
Pupil Health	326	347	287	261	235	227	216	223	204	199
	1.18%	1.25%	1.20%	1.21%	1.15%	1.15%	1.15%	1.29%	1.22%	1.17%
Business Services	368	407	311	319	316	289	278	285	287	264
	1.33%	1.47%	1.30%	1.48%	1.55%	1.47%	1.48%	1.65%	1.71%	1.56%

Note: These amounts represent expenditures and other financing uses of the General Fund only.

Source: District Records

continued on next page

SCHOOL DISTRICT OF LANCASTER

COST PER STUDENT BY FUNCTION - GENERAL FUND - UNAUDITED

Last ten fiscal years ending June 30,

<u>Function</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Operation and maintenance of plant service:	2,093	1,769	2,350	1,767	1,312	1,332	1,105	1,076	1,057	1,199
	7.57%	7.00%	9.79%	8.18%	6.43%	6.76%	5.89%	6.22%	6.30%	7.08%
Student Transportation Services	721	651	550	545	508	439	403	387	393	394
	2.61%	2.57%	2.29%	2.52%	2.49%	2.23%	2.15%	2.24%	2.35%	2.32%
Central Support Services	621	779	523	473	490	469	428	382	450	393
	2.25%	3.08%	2.18%	2.19%	2.40%	2.38%	2.28%	2.21%	2.68%	2.32%
Other Support Services	5	5	5	4	4	4	4	3	4	4
	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%
Student Activities	237	191	154	166	181	187	184	168	161	157
	0.86%	0.75%	0.64%	0.77%	0.89%	0.95%	0.98%	0.97%	0.96%	0.93%
Community Services	81	60	68	51	47	56	49	59	42	44
	0.29%	0.24%	0.28%	0.24%	0.23%	0.28%	0.26%	0.34%	0.25%	0.26%
Scholarships and Awards	-	-	-	-	-	33	24	19	20	21
	0.00%	0.00%	0.00%	0.00%	0.00%	0.17%	0.13%	0.11%	0.12%	0.13%
Debt Service	2,118	2,035	1,845	1,541	1,312	1,304	1,388	1,389	1,591	1,681
	7.66%	8.05%	7.69%	7.13%	6.43%	6.62%	7.40%	8.03%	9.49%	9.92%
Transfers to Other Funds	1,599	551	296	285	287	643	696	109	38	1
	5.78%	2.18%	1.24%	1.32%	1.41%	3.27%	3.71%	0.63%	0.23%	0.01%
Total	\$ 27,653	\$ 25,281	\$ 23,992	\$ 21,609	\$ 20,399	\$ 19,705	\$ 18,760	\$ 17,298	\$ 16,772	\$ 16,939
October 1 Pupil Count	10,075	10,189	10,384	10,874	11,068	11,195	11,315	11,136	11,256	10,746
Average Expenditures Per Pupil	\$ 27,653	\$ 25,281	\$ 23,992	\$ 21,609	\$ 20,399	\$ 19,705	\$ 18,760	\$ 17,298	\$ 16,772	\$ 16,939

Notes:

The totals on percentages may not equal an even 100.00% due to rounding.

These amounts represent expenditures and other financing uses of the General Fund only.

Source: District Records

SCHOOL DISTRICT OF LANCASTER

CAPITAL ASSET INFORMATION - UNAUDITED

<u>Building</u>	<u>Original Construction/ Purchase</u>	<u>Additions/ Renovations</u>	<u>Square Footage</u>	<u>Building Capacity</u>	<u>2022-2023 Enrollment</u>	<u>Percentage of Capacity Used*</u>
<u>Elementary Schools</u>						
Smith Wade-El 340 South West End Avenue Lancaster, PA 17602-5080	1929	1955	44,244	425	-	0%
Smith-Wade-El 910 Hamilton Park Drive Lancaster, PA 17603	2021		60,890	450	447	99%
Burrowes 1001 East Orange Street Lancaster, PA 17602-3215	1954	1970, 1988	51,091	350	304	87%
Carter and MacRae 251 South Prince Street Lancaster, PA 17603-5396	1840	1988	144,658	775	418	54%
Fulton 225 West Orange Street Lancaster, PA 17603-3782	1918	2013	84,943	450	283	63%
Hamilton 1300 Wabank Road Lancaster, PA 17603-6849	1964	1989	58,524	425	349	82%
King 466 Rockland Street Lancaster, PA 17602-4212	1966		73,868	575	389	68%
Lafayette 1000 Fremont Street Lancaster, PA 17603-5426	1951	2010	121,041	675	427	63%
Price 615 Fairview Avenue Lancaster, PA 17603-5877	1973		66,306	450	392	87%
Ross 840 North Queen Street Lancaster, PA 17603-2750	1924	2010	47,147	375	283	75%
Washington 545 South Ann Street Lancaster, PA 17602-4551	1934	2010	117,216	675	487	72%
Wharton 705 North Mary Street Lancaster, PA 17603-2889	1895	2010	57,953	325	326	100%
Wickersham 401 North Reservoir Street Lancaster, PA 17602-2447	1929	1953, 2023	68,207	550	360	65%
<u>K-8 School</u>						
Martin 2000 Wabank Road Lancaster, PA 17603-6433	1959	2014	122,620	838	672	80%

SCHOOL DISTRICT OF LANCASTER

CAPITAL ASSET INFORMATION - UNAUDITED

Building	Original Construction/ Purchase	Additions/ Renovations	Square Footage	Building Capacity	2022-2023 Enrollment	Percentage of Capacity Used*
<u>Middle Schools</u>						
Jackson 431 South Ann Street Lancaster, PA 17602-4542	1924	1928, 2013	122,967	743	506	68%
Lincoln 1001 Lehigh Avenue Lancaster, PA 17602-2450	1962	1986, 2021	125,118	578	314	54%
Robert D. Scheffey Building (Lincoln Annex - 6th Grade) 1020 Lehigh Avenue Lancaster, PA 17602-2452	1985	2010	33,117	210	177	84%
Reynolds 605 West Walnut Street Lancaster, PA 17603-3383	1929	2020	106,283	766	527	69%
Wheatland 919 Hamilton Park Drive Lancaster, PA 17603-4914	1955	1961, 1989	103,470	545	445	82%
<u>Alternative Education</u>						
Buehrle Academy 426 East Clay Street Lancaster, PA 17602-2154	1895	2007	21,174	162	43	27%
Phoenix Academy 630 Rockland Street Lancaster, PA 17602-4524	1975	1995	50,122	348	306	88%
<u>Other Education</u>						
Rockland Center 600 Rockland Street Lancaster, PA 17602-4507	1974		48,199	450	51	11%
<u>High School</u>						
J.P. McCaskey 445 North Reservoir Street Lancaster, PA 17602-2447	1938	1974, 1997	351,945	1,340	1,310	98%
McCaskey East 1051 Lehigh Avenue Lancaster, PA 17602-2457	1996		279,622	1,500	1,310	87%
<u>Administration</u>						
Carter and MacRae - 3rd and 4th floors 251 South Prince Street Lancaster, PA 17603-5396	1840	2011	NA	NA	NA	NA

* - Amounts in excess of 100% are due to students who are educated in offsite facilities not owned by the District but are reported as members of the respective school population.

Source: Building enrollment site list, Feasibility Study Update, January 2016

SCHOOL DISTRICT OF LANCASTER

STUDENT INFORMATION - UNAUDITED

Last ten fiscal years ending June 30,

<u>Fiscal Year</u>	<u>Number of Students</u>	<u>Economically Disadvantaged</u>	<u>Percent Economically Disadvantaged</u>
2023	10,075	9,068	90.00%
2022	10,189	9,004	88.37%
2021	10,384	9,023	86.89%
2020	10,874	9,681	89.03%
2019	11,068	10,053	90.83%
2018	11,195	10,117	90.37%
2017	11,315	10,243	90.53%
2016	11,136	9,766	87.70%
2015	11,256	9,872	87.70%
2014	10,746	9,071	84.41%

Source: Food nutrition claim reports, Pims report

SCHOOL DISTRICT OF LANCASTER

STUDENT/TEACHER RATIO - UNAUDITED

Last ten fiscal years ending June 30,

<u>Fiscal Year</u>	<u>Number of Students</u>	<u>Number of Teachers</u>	<u>Ratio of Number of Students to Teacher</u>
2023	10,075	970	10
2022	10,189	964	11
2021	10,384	977	11
2020	10,874	985	11
2019	11,068	966	11
2018	11,195	962	12
2017	11,315	955	12
2016	11,136	951	12
2015	11,256	938	12
2014	10,746	927	12

Student and teacher counts are as of October 1 of the school year.

Source: Building enrollment site list & Human Resources

SCHOOL DISTRICT OF LANCASTER

TEACHER INFORMATION BY LEVEL - UNAUDITED

Last ten fiscal years ending June 30,

<u>Fiscal Year</u>	<u>Bachelor's</u>	<u>Bachelor's +8</u>	<u>Bachelor's +16</u>	<u>Bachelor's +24</u>	<u>Master's</u>	<u>Master's +15</u>	<u>Master's +30</u>	<u>Master's +45</u>	<u>Doctorate</u>	<u>Total</u>
2023	131	N/A	22	185	378	95	49	101	9	970
2022	131	N/A	24	179	392	85	56	91	6	964
2021	147	N/A	42	248	356	76	47	55	6	977
2020	146	N/A	42	198	372	80	61	81	5	985
2019	139	N/A	47	288	338	74	35	38	7	966
2018	135	N/A	47	288	338	74	35	38	7	962
2017	138	N/A	23	253	372	74	44	44	7	955
2016	129	N/A	15	289	351	84	41	35	7	951
2015	140	12	13	266	348	84	34	36	5	938
2014	120	14	17	277	342	78	38	34	7	927

Source: School District of Lancaster, Office of Human Resources

SCHOOL DISTRICT OF LANCASTER

TEACHER SALARY INFORMATION - UNAUDITED

Last ten fiscal years ending June 30,

<u>Fiscal Year</u>	<u>Minimum Base Salary⁽¹⁾</u>	<u>Average Base Salary</u>	<u>Maximum Base Salary⁽²⁾</u>
2023	57,066	74,366	93,251
2022	54,130	69,378	92,251
2021	53,086	68,334	91,207
2020	52,014	67,262	90,315
2019	51,027	66,275	89,148
2018	50,000	65,248	88,121
2017	48,275	61,967	84,395
2016	46,551	59,900	83,223
2015	44,823	62,392	79,961
2014	43,319	61,040	78,761

Notes:

(1) The minimum salary represents the minimum amount a District teacher with a bachelor's degree may earn for regular classroom instruction during the school year according to the Lancaster Education Association of the School District of Lancaster contract agreement. The minimum starting wage has seven different levels dependent on level of education attained:

- Level 1: Bachelor's Degree
- Level 2: Bachelor's Degree + 16 Credits
- Level 3: Bachelor's Degree + 24 Credits
- Level 4: Master's Degree
- Level 5: Master's Degree + 15 Credits
- Level 6: Master's Degree + 30 Credits
- Level 7: Master's Degree + 45 Credits
- Level 8: Doctorate

(2) The maximum salary represents the maximum amount a District teacher with a doctoral degree may earn for regular classroom instruction during the school year according to the Lancaster Education of the School District of Lancaster contract agreement. The maximum salary for each level (Level 1 through Level 8) is reached in 13 years. Maximum salary excludes pension and hospitalization benefits. No longevity pay is added to teachers who have exceeded the 13 year maximum on the pay scale.

Source: School District of Lancaster, Salary Schedules

SCHOOL DISTRICT OF LANCASTER

BANK DEPOSIT INFORMATION - UNAUDITED

Last ten fiscal years ending June 30,

<u>Fiscal Year</u>	<u>FDIC Insured Institutions</u>	<u>Government Investment Pools</u>	<u>Total</u>
2023	\$ 9,367,376	\$67,730,846	\$77,098,222
2022	13,945,636	40,206,936	54,152,572
2021	8,721,696	54,211,300	62,932,996
2020	18,898,210	53,852,940	72,751,150
2019	18,224,872	59,259,886	77,484,758
2018	8,518,872	13,065,935	21,584,807
2017	15,475,250	6,893,090	22,368,340
2016	20,593,871	8,162,785	28,756,656
2015	11,285,580	33,027,255	44,312,835
2014	18,105,707	25,751,482	43,857,189

Notes:

FDIC insured institutions include school board approved depositories.

Government investment pools include Pennsylvania School District Liquid Asset Fund (PSDLAF)

SCHOOL DISTRICT OF LANCASTER

MISCELLANEOUS STATISTICS - UNAUDITED

June 30, 2023

Tax rates of the Lancaster County Schools

<u>School District</u>	<u>Total Taxable Assessed Value</u>	<u>Millage</u>
Cocalico	1,971,688,900	19.6190
Columbia Borough	429,258,500	26.4600
Conestoga Valley	3,504,289,600	17.9363
Donegal	1,657,892,200	19.2774
Eastern Lancaster	2,874,651,200	13.0400
Elizabethtown Area	2,291,587,200	16.3711
Ephrata Area	2,551,464,800	18.2300
Hempfield	5,057,768,900	17.2579
Lampeter-Strasburg	2,253,987,300	14.9660
Manheim Central	2,442,835,500	15.6145
Manheim Township	4,541,197,400	16.1277
Octorara (Lancaster County portion)	307,461,200	26.0600
Penn Manor	3,214,403,400	15.6145
Pequea Valley	1,786,305,800	17.9363
Solanco	2,538,492,000	11.7977
Warwick	2,921,245,400	16.3711

Source: Lancaster County Tax Collector Department

SCHOOL DISTRICT OF LANCASTER

COVERAGE OF DEBT SERVICE AND LEASE RENTAL REQUIREMENTS BY STATE AID - UNAUDITED

June 30,

<u>Fiscal Year</u>	<u>Total State Aid Received</u>
2023	\$134,227,701
2022	120,035,149
2021	118,026,580
2020	118,827,474
2019	113,505,116
2018	109,052,733
2017	106,826,894
2016	93,868,542
2015	92,866,322
2014	85,312,270
2023-2024 Debt service requirements	20,003,699
Estimated maximum future debt service requirements	20,003,699
Estimated coverage of 2023-2024 debt service requirements	6.7101
Estimated coverage of maximum future debt service requirements	6.7101

Source: School District of Lancaster

SCHOOL DISTRICT OF LANCASTER

ENROLLMENT TRENDS - UNAUDITED

June 30,

<u>Actual Enrollments</u>				<u>Projected Enrollments</u>			
<u>Fiscal Year</u>	<u>Elementary</u>	<u>Secondary</u>	<u>Total</u>	<u>Fiscal Year</u>	<u>Elementary</u>	<u>Secondary</u>	<u>Total</u>
2023	5,686	4,389	10,075	2029	4,936	3,987	8,923
2022	5,678	4,511	10,189	2028	5,102	4,032	9,134
2021	5,860	4,524	10,384	2027	5,247	4,142	9,389
2020	6,309	4,565	10,874	2026	5,399	4,269	9,668
2019	6,464	4,604	11,068	2025	5,527	4,349	9,876
2018	6,562	4,633	11,195	2024	5,599	4,417	10,016
2017	6,691	4,624	11,315				
2016	6,660	4,476	11,136				
2015	6,073	5,183	11,256				
2014	5,493	5,253	10,746				

Source: School District of Lancaster

SCHOOL DISTRICT OF LANCASTER SINGLE AUDIT



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SCHOOL DISTRICT OF LANCASTER

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND CERTAIN STATE GRANTS

Year ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Project Title	Source Code	Assistance Listing Number	Pass-Through Grantor's Number	Grant Period Beginning/Ending Dates	Grant Amount	Total Received for Year	Accrued (Deferred) Revenue July 1, 2022	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue June 30, 2023	Passed Through to Subrecipients
U.S. Department of Education											
Passed through the PA Department of Education											
Title I Grants to Local Educational Agencies	I	84.010	013-230221	07/01/22-09/30/23	\$ 6,100,066	\$ 3,253,369	\$ -	\$ 4,021,619	\$ 4,021,619	\$ 768,250	\$ -
Title I Grants to Local Educational Agencies	I	84.010	013-220221	07/01/21-09/30/22	6,232,601	2,911,384	1,069,900	1,841,484	1,841,484	-	-
Title I Grants to Local Educational Agencies	I	84.010	107-230221	07/01/22-09/30/23	86,296	51,778	-	80,220	80,220	28,442	-
Title I Grants to Local Educational Agencies	I	84.010	107-220221	07/01/21-09/30/22	112,875	82,775	(1,534)	84,309	84,309	-	-
Title I Grants to Local Educational Agencies	I	84.010	042-200221	10/01/20-09/30/21	970,132	404,221	404,221	-	-	-	-
Title I Grants to Local Educational Agencies	I	84.010	042-210221	03/13/20-09/30/22	1,060,266	1,060,266	206,460	853,806	853,806	-	-
Title I Grants to Local Educational Agencies	I	84.010	042-220221	08/15/22-09/30/23	1,119,896	719,933	-	982,119	982,119	262,186	-
Total ALN 84.010						8,483,726	1,679,047	7,863,557	7,863,557	1,058,878	-
Career and Technical Education - Basic Grants to States	I	84.048	380-220026	07/01/21-06/30/22	232,656	96,940	96,940	-	-	-	-
Career and Technical Education - Basic Grants to States	I	84.048	380-230032	07/01/22-06/30/23	214,867	125,339	-	214,867	214,867	89,528	-
Total ALN 84.048						222,279	96,940	214,867	214,867	89,528	-
English Language Acquisition Grants	I	84.365	010-230221	07/01/22-09/30/23	380,330	177,487	-	174,082	174,082	(3,405)	-
English Language Acquisition Grants	I	84.365	010-220221	07/01/21-09/30/22	416,313	168,151	110,318	114,130	114,130	56,297	-
English Language Acquisition Grants	I	84.365	010-210221	07/01/20-09/30/21	426,326	53,291	53,291	-	-	-	-
Total ALN 84.365						398,929	163,609	288,212	288,212	52,892	-
Improving Teacher Quality State Grants	I	84.367	020-210221	07/01/20-09/30/21	527,150	(2,705)	(4,169)	1,464	1,464	-	-
Improving Teacher Quality State Grants	I	84.367	020-220221	07/01/21-09/30/22	666,441	223,884	149,518	119,292	119,292	44,926	-
Improving Teacher Quality State Grants	I	84.367	020-230221	07/01/22-09/30/23	500,069	433,393	-	468,275	468,275	34,882	-
Total ALN 84.367						654,572	145,349	589,031	589,031	79,808	-
COVID-19 - ESSER II	I	84.425U	200-210221	03/13/20-09/30/23	20,956,688	2,436,824	2,436,824	-	-	-	-
COVID-19 - ARP ESSER	I	84.425U	223-210221	03/13/20-09/30/24	42,389,317	10,019,293	(1,098,117)	14,102,248	14,102,248	2,984,838	-
COVID-19 - ARP ESSER 7%	I	84.425U	225-210221	03/13/20-09/30/24	3,294,601	1,018,331	(107,412)	1,406,193	1,406,193	280,450	-
COVID-19 - ARP ESSER 2.5%	I	84.425U	224-210221	03/13/20-09/30/24	588,527	53,502	-	39,580	39,580	(13,922)	-
COVID-19 - SECIM	I	84.425C	252-200221	03/13/20-09/30/22	52,238	35,742	35,696	46	46	-	-
COVID-19 - PCCD Cares Act	I	84.425D	2020-ES-01-35065	03/13/20-09/30/22	310,144	168,754	168,754	-	-	-	-
COVID-19 ARP ESSER Homeless Children and Youth	I	84.425W	181-212218	07/01/21-09/30/24	351,715	36,073	(18,037)	36,442	36,442	(17,668)	-
COVID-19 GEERs CEEG	I	84.425C	253-200221	03/13/20-09/30/22	190,200	120,126	120,126	-	-	-	-
Total ALN 84.425						13,888,645	1,537,834	15,584,509	15,584,509	3,233,698	-

Continued on next page

<u>Federal Grantor/Pass-Through Grantor/Project Title</u>	<u>Source Code</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Grant Period Beginning/Ending Dates</u>	<u>Grant Amount</u>	<u>Total Received for Year</u>	<u>Accrued (Deferred) Revenue July 1, 2022</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue June 30, 2023</u>	<u>Passed Through to Subrecipients</u>
<u>Passed through the PA Department of Education (cont'd)</u>											
Title IV - Student Support and Academic Enrichment	I	84.424	144-230221	07/01/22-09/30/23	465,862	341,632	-	461,718	461,718	120,086	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-220221	07/01/21-09/30/22	426,529	85,431	142,176	252	252	56,997	-
Total ALN 84.424						427,063	142,176	461,970	461,970	177,083	-
Total passed through PA Department of Education						24,075,214	3,764,955	25,002,146	25,002,146	4,691,887	-
<u>Passed through Lancaster-Lebanon Intermediate Unit #13</u>											
Special Education - Preschool Grants	I	84.173	131-210013	07/01/21-06/30/22	12,411	12,411	12,411	-	-	-	-
Special Education - Preschool Grants	I	84.173	131-220013	07/01/22-06/30/23	14,980	-	-	14,980	14,980	14,980	-
Total ALN 84.173						12,411	12,411	14,980	14,980	14,980	-
Special Education - Grants to States	I	84.027	062-230013	07/01/22-09/30/23	2,338,417	1,530,720	-	2,338,417	2,338,417	807,697	-
Special Education - Grants to States	I	84.027	062-220013	07/01/21-09/30/22	2,299,109	982,115	982,115	-	-	-	-
COVID-19 - Special Education - Grants to States ARP Funds	I	84.027X	062-220013	07/01/21-09/30/23	546,903	-	-	87,117	87,117	87,117	-
Total ALN 84.027						2,512,835	982,115	2,425,534	2,425,534	894,814	-
Total passed through Lancaster-Lebanon Intermediate Unit #13						2,525,246	994,526	2,440,514	2,440,514	909,794	-
Total U.S. Department of Education						26,600,460	4,759,481	27,442,660	27,442,660	5,601,681	-
<u>U.S. Department of Health and Social Services</u>											
<u>Passed through the PA Department of Education</u>											
Temporary Assistance for Needy Families	I	93.558	FC4100081176	07/01/22-06/30/23	280,000	89,512	-	280,000	280,000	190,488	-
Temporary Assistance for Needy Families	I	93.558	FC4100081176	07/01/21-06/30/22	280,000	138,581	138,581	-	-	-	-
Temporary Assistance for Needy Families	I	93.558	FC4100081176	07/01/20-06/30/21	226,416	-	37	-	-	37	-
Total ALN 93.558						228,093	138,618	280,000	280,000	190,525	-
Refugee and Entrant Assistance-Discretionary Grants	I	93.576	FC4100091900	10/01/21-09/30/24	366,952	18,210	81,040	131,523	131,523	194,353	-
Total ALN 93.576						18,210	81,040	131,523	131,523	194,353	-
Total passed through PA Department of Education						246,303	219,658	411,523	411,523	384,878	-
<u>Passed through PA Department of Public Welfare</u>											
Medical Assistance Program	I	93.778	N/A	07/01/08-06/30/23	N/A	253,535	35,096	85,183	85,183	(133,256)	-
Total passed through PA Department of Public Welfare						253,535	35,096	85,183	85,183	(133,256)	-
Total U.S. Department of Health and Social Services						499,838	254,754	496,706	496,706	251,622	-
<u>U.S. Department of Homeland Security</u>											
<u>Passed through PA Emergency Management Agency</u>											
COVID-19 Disaster Grant - Public Assistance	I	97.036	N/A	01/20/20-12/31/21	636,785	63,678	63,678	-	-	-	-
Total passed through PA Emergency Management Agency						63,678	63,678	-	-	-	-
Total U.S. Department of Homeland Security						63,678	63,678	-	-	-	-

<u>Federal Grantor/Pass-Through Grantor/Project Title</u>	<u>Source Code</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Grant Period Beginning/Ending Dates</u>	<u>Grant Amount</u>	<u>Total Received for Year</u>	<u>Accrued (Deferred) Revenue July 1, 2022</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue June 30, 2023</u>	<u>Passed Through to Subrecipients</u>
U.S. Department of Agriculture											
National School Lunch Program	D	10.555	N/A	07/01/22-06/30/23	N/A	364,917	-	364,917	364,917	-	-
						<u>364,917</u>	<u>-</u>	<u>364,917</u>	<u>364,917</u>	<u>-</u>	<u>-</u>
Passed through the PA Department of Education											
National School Lunch Program	I	10.555	N/A	07/01/22-06/30/23	N/A	5,291,946	-	5,291,946	5,291,946	-	-
Supply Chain Assistance	I	10.555	N/A	07/01/22-06/30/23	252,576	252,576	-	252,576	252,576	-	-
Total ALN 10.555						<u>5,544,522</u>	<u>-</u>	<u>5,544,522</u>	<u>5,544,522</u>	<u>-</u>	<u>-</u>
School Breakfast Program	I	10.553	N/A	07/01/22-06/30/23	N/A	1,304,971	-	1,304,971	1,304,971	-	-
Total ALN 10.553						<u>1,304,971</u>	<u>-</u>	<u>1,304,971</u>	<u>1,304,971</u>	<u>-</u>	<u>-</u>
National School Fresh Fruits & Vegetable Lunch Program	I	10.582	N/A	07/01/22-06/30/23	67,974	67,974	-	67,974	67,974	-	-
P-EBT Local Admin Funds	I	10.649	N/A	07/01/22-06/30/23	3,135	3,135	-	3,135	3,135	-	-
School Breakfast Program	S	N/A	N/A	07/01/22-06/30/23	N/A	48,875	-	48,875	48,875	-	-
National School Lunch Program	S	N/A	N/A	07/01/22-06/30/23	N/A	156,331	-	156,331	156,331	-	-
Total State						<u>205,206</u>	<u>-</u>	<u>205,206</u>	<u>205,206</u>	<u>-</u>	<u>-</u>
Total PA Department of Education						<u>7,125,808</u>	<u>-</u>	<u>7,125,808</u>	<u>7,125,808</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Agriculture						<u>7,490,725</u>	<u>-</u>	<u>7,490,725</u>	<u>7,490,725</u>	<u>-</u>	<u>-</u>
Total Federal Awards and Certain State Grants						<u>\$ 34,654,701</u>	<u>\$ 5,077,913</u>	<u>\$ 35,430,091</u>	<u>\$ 35,430,091</u>	<u>\$ 5,853,303</u>	<u>\$ -</u>
Total Federal Awards						\$ 34,449,495	\$ 5,077,913	\$ 35,224,885	\$ 35,224,885	\$ 5,853,303	\$ -
Total State Awards						205,206	-	205,206	205,206	-	-
Total Federal Awards and Certain State Grants						<u>\$ 34,654,701</u>	<u>\$ 5,077,913</u>	<u>\$ 35,430,091</u>	<u>\$ 35,430,091</u>	<u>\$ 5,853,303</u>	<u>\$ -</u>
Special Education Cluster (IDEA) (ALN's 84.027 and 84.173)						<u>\$ 2,525,246</u>	<u>\$ 994,526</u>	<u>\$ 2,440,514</u>	<u>\$ 2,440,514</u>	<u>\$ 909,794</u>	<u>\$ -</u>
Child Nutrition Cluster (ALN's 10.553, 10.555, and 10.582)						<u>\$ 7,282,384</u>	<u>\$ -</u>	<u>\$ 7,282,384</u>	<u>\$ 7,282,384</u>	<u>\$ -</u>	<u>\$ -</u>

Source Codes

D - Direct Funding

I - Indirect Funding

S - State Share

SCHOOL DISTRICT OF LANCASTER

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND CERTAIN STATE GRANTS

June 30, 2023

(1) FEDERAL EXPENDITURES

The Schedule of Expenditures of Federal Awards and Certain State Grants reflects federal expenditures for all individual grants which were active during the fiscal year. Additionally, the Schedule reflects expenditures for certain state grants.

(2) BASIS OF ACCOUNTING

The District uses the modified accrual method of recording transactions. Revenues are recorded when measurable and available. Expenditures are recorded when incurred.

(3) ACCESS PROGRAM

The ACCESS Program is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for-service and are not considered federal financial assistance. The amount of ACCESS funding recognized for the year ended June 30, 2023 was \$2,121,175.

(4) QUALIFIED SCHOOL CONSTRUCTION BONDS PROGRAM

The District participates in the Qualified School Construction Bonds ("**QSCB**") program sponsored by the State Public School Authority ("**SPSBA**"). In conjunction with the QSCB Program, the District receives subsidy reimbursements for a portion of the interest payments made under its loan agreements with the SPSBA. Reimbursements are federal source revenues but are not considered federal financial assistance. The amount of QSCB subsidy payments recognized for the year ended June 30, 2023 was \$3,049,613.

(5) INDIRECT COSTS

The amount expended includes \$110,699 claimed as an indirect cost recovery using an approved indirect cost rate of 3.68 percent. The District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

SCHOOL DISTRICT OF LANCASTER

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended June 30, 2023

There were no audit findings for the year ended June 30, 2022.



**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 School Directors
School District of Lancaster
Lancaster, 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 School District of Lancaster, Lancaster, Pennsylvania, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise School District of Lancaster's basic financial statements, and have issued our report thereon dated December 19, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered School District of Lancaster'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 School District of Lancaster's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District of Lancaster's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

BBD, LLP

Philadelphia, Pennsylvania
December 19, 2023



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

**Board of School Directors
School District of Lancaster
Lancaster, Pennsylvania**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the School District of Lancaster's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School District of Lancaster's major federal programs for the year ended June 30, 2023. The School District of Lancaster'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, the School District of Lancaster 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 the School District of Lancaster 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 the School District of Lancaster's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School District of Lancaster'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 the School District of Lancaster'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 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 the School District of Lancaster'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 the School District of Lancaster'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 School District of Lancaster'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 School District of Lancaster's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

BBD, LLP

Philadelphia, Pennsylvania
December 19, 2023

SCHOOL DISTRICT OF LANCASTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2023

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the School District of Lancaster were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements of the School District of Lancaster are reported in the 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.
3. No instances of noncompliance material to the financial statements of the School District of Lancaster, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over the major federal award programs are reported in the independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for the School District of Lancaster expresses an unmodified opinion on all major federal programs.
6. There are no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a).
7. The programs tested as major programs were:
 - Education Stabilization Fund – Elementary and Secondary Education – Assistance Listing 84.425
 - Child Nutrition Cluster:
 - School Breakfast Program – ALN 10.553
 - National School Lunch Program – ALN 10.555
 - Fresh Fruit and Vegetable Program – ALN 10.582
8. The threshold used for distinguishing between Type A and B programs was \$1,056,747.
9. The School District of Lancaster did qualify as a low-risk auditee.

FINDINGS—FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS—MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

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