

This Preliminary Official Statement and the information contained herein are subject to completion, amendment or other change without notice. The Bonds may not be sold nor may offers to buy be accepted prior to the time the Preliminary Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the applicable securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 15, 2024

NEW ISSUE—BOOK-ENTRY ONLY

**RATING: Moody's: "Aa3" (Underlying)
(See "RATING" herein)**

In the opinion of Bond Counsel, under existing statutes, regulations and judicial decisions, interest on the Bonds is excluded from gross income for purposes of federal income taxation and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and, as to applicable corporations (as defined in Section 59(k) of the Code (as defined below)); however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations for tax years beginning after December 31, 2022. This opinion of Bond Counsel is subject to continuing compliance by the School District with its covenants in the Resolution and other documents to comply with requirements of the Code, as amended, and applicable regulations thereunder.

Bond Counsel is also of the opinion that under the laws of the Commonwealth of Pennsylvania (the "Commonwealth") as presently enacted and construed, the Bonds are exempt from personal property taxes in the Commonwealth and the interest on the Bonds is exempt from the Commonwealth's Personal Income Tax and the Commonwealth's Corporate Net Income Tax.

For further information concerning federal and state tax matters relating to the Bonds, see "Tax Exemption and Other Tax Matters" herein.

\$12,655,000*

Conewago Valley School District Adams County, Pennsylvania General Obligation Bonds, Series of 2024

Dated: Date of Delivery

Principal Due: September 1, see inside cover

Interest Due: March 1 and September 1

First Interest Payment: March 1, 2025

The General Obligation Bonds, Series of 2024 (the "Bonds") in the aggregate principal amount of \$12,655,000* will be registered in the name of Cede & Co., as the registered owner and nominee of the Depository Trust Company ("DTC"), New York, New York. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or any integral multiple thereof only under the book-entry only system maintained by DTC through its brokers and dealers who are, or act through, DTC Participants. The purchasers of the Bonds will not receive physical delivery of the Bonds. For so long as any purchaser is the beneficial owner of a Bond, that purchaser must maintain an account with a broker or a dealer who is, or acts through, a DTC Participant to receive payment of principal of and interest on the Bonds. See "**BOOK-ENTRY ONLY SYSTEM**" herein. If, under the circumstances described herein, Bonds are ever issued in certificated form, the Bonds will be subject to registration of transfer, exchange and payment as described herein. The principal of the Bonds will be paid to the registered owners, when due, upon presentation and surrender of the Bonds to Manufacturers and Traders Trust Company (the "Paying Agent"), acting as paying agent and sinking fund depository, at its specified corporate trust office in Harrisburg, Pennsylvania. Interest on the Bonds is payable initially on March 1, 2025 and thereafter semiannually on March 1 and September 1 of each year, until the principal sum thereof is paid. Payment of interest on the Bonds will be made by check drawn on the Paying Agent mailed to the registered owners of the Bonds as of the Record Date (see "**THE BONDS**" *infra*).

The Bonds are general obligations of the Conewago Valley School District, Adams County, Pennsylvania (the "School District") payable from its tax and other general revenues. The School District has covenanted that it will, to the fullest extent permitted under applicable law, provide in its budget in each year, and will appropriate from its general revenues in each such year, the amount of the debt service on the Bonds for such year and will duly and punctually pay or cause to be paid from the sinking fund established under the Resolution or any other of its revenues or funds the principal of every Bond and the interest thereon on the dates, at the place and in the manner stated in the Bonds, and for such budgeting, appropriation and payment the School District, subject to statutory restrictions and limitations, irrevocably has pledged its full faith, credit and taxing power, within the limits provided by law. (See "**Security**" and "**Taxes and Taxing Powers of the School District**" *infra*). **The Bonds are subject to redemption prior to maturity as described herein.**

Proceeds of the Bonds will be used for capital projects at Conewago Township Elementary and New Oxford Elementary, and to pay all costs of issuance for the Bonds.

The Bonds are an authorized investment for fiduciaries in the Commonwealth of Pennsylvania pursuant to the Pennsylvania Probate, Estate and Fiduciaries Code, Act of June 30, 1972, No. 164, P.L. 508, as amended and supplemented.

MATURITIES, AMOUNTS, RATES AND PRICES/YIELDS

See Inside Front Cover

The Bonds are offered when, as and if issued, subject to withdrawal or modification of the offer without notice, and subject to the approving legal opinion of Stock and Leader, LLP, of York, Pennsylvania, Bond Counsel, to be furnished upon delivery of the Bonds. Certain other legal matters will be passed upon for the School District by Stock and Leader, LLP, of York, Pennsylvania, School District Solicitor. PFM Financial Advisors LLC, Harrisburg, Pennsylvania, serves as Financial Advisor to the School District in connection with the issuance of the Bonds. It is expected that the Bonds will be available for delivery in New York, New York, on or about November 26, 2024.

PFM Financial Advisors LLC

Financial Advisor to the School District

Dated: _____

*Estimated, subject to change

\$12,655,000*
Conewago Valley School District
Adams County, Pennsylvania
General Obligation Bonds, Series of 2024

Dated: Date of Delivery

Interest Due: March 1 and September 1

Principal Due: September 1, as shown below

First Interest Payment: March 1, 2025

<u>Maturity Date</u> <u>September 1</u>	<u>Principal</u> <u>Amounts</u>	<u>Interest</u> <u>Rates</u>	<u>Initial Offering</u> <u>Yields</u>	<u>CUSIP</u> <u>Numbers⁽¹⁾</u>
2025				
2026				
2027				
2028				
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2053				

⁽¹⁾The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the Borough or the Underwriter, and such parties are not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such issue or the use of secondary market financial products. Neither the Borough nor the Underwriter has agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

*Estimated, subject to change.

CONEWAGO VALLEY SCHOOL DISTRICT

Adams County, Pennsylvania

BOARD OF SCHOOL DIRECTORS

Jeffrey Kindschuh	President
Eric Flickinger.....	Vice President
Lori Duncan	Secretary*
Michael Buckley	Treasurer
William Getz	Member
Lindsay Krug.....	Member
David Thad Meckley.....	Member
Meredith Miller	Member
Melanie Sauter	Member
April Swope	Member

*Non-Member

SUPERINTENDENT
DR. SHARON PERRY

BUSINESS MANAGER
LORI DUNCAN

SCHOOL DISTRICT SOLICITOR
STOCK AND LEADER, LLP
York, Pennsylvania

BOND COUNSEL
STOCK AND LEADER, LLP
York, Pennsylvania

FINANCIAL ADVISOR
PFM FINANCIAL ADVISORS LLC
Harrisburg, Pennsylvania

PAYING AGENT
MANUFACTURERS AND TRADERS TRUST COMPANY
Harrisburg, Pennsylvania and Buffalo, New York

SCHOOL DISTRICT ADDRESS
130 Berlin Road
New Oxford, Pennsylvania 17350

No dealer, broker, salesman or other person has been authorized by the School District to give information or to make any representations, other than those contained in this Preliminary Official Statement, and if given or made, such other information or representations must not be relied upon. This Preliminary Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. The information set forth herein has been obtained from the School District and from other sources which are believed to be reliable but the School District does not guarantee the accuracy or completeness of information from sources other than the School District. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Preliminary Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in any of the information set forth herein since the date hereof.

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PRELIMINARY OFFICIAL STATEMENT

\$12,655,000*

Conewago Valley School District Adams County, Pennsylvania General Obligation Bonds, Series of 2024

INTRODUCTION

This Preliminary Official Statement, including the cover and inside cover pages hereof and Appendices hereto, is furnished by Conewago Valley School District, Adams County, Pennsylvania (the "School District"), in connection with the offering of \$12,655,000* aggregate principal amount of its General Obligation Bonds, Series of 2024 (the "Bonds") dated the delivery date of the Bonds (the "Delivery Date"). The Bonds are being issued pursuant to a Resolution of the Board of School Directors of the School District to be adopted on October 14, 2024 (the "Resolution"), and pursuant to the Local Government Unit Debt Act of the Commonwealth of Pennsylvania (the "Commonwealth"), 53 Pa. CS Chs. 80-82, as amended (the "Act").

PURPOSE OF THE ISSUE

Proceeds of the Bonds will be used for capital projects at Conewago Township Elementary and New Oxford Elementary, and to pay all costs of issuance for the Bonds.

Sources and Uses of Bond Proceeds

The following is a summary of the sources and uses of the proceeds from the issuance of the Bonds.

<u>Sources of Funds</u>	
Bond Proceeds.....	
Plus/Less: Net Original Issue Premium/(Discount).....	_____
<i>Total Sources of Funds</i>	=====
<u>Uses of Funds</u>	
Deposit to Construction Fund.....	
Costs of Issuance ⁽¹⁾	_____
<i>Total Uses of Funds</i>	=====

⁽¹⁾Includes legal, financial advisor, printing, rating, total bond discount, CUSIP, paying agent and miscellaneous costs.

*Estimated, subject to change.

THE BONDS

Description

The Bonds will be issued only as fully registered Bonds and registered in the denominations of \$5,000 and integral multiples thereof. The Bonds will be issued as one fully registered Bond for each maturity of the Bonds in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), as registered owner of all Bonds. See “Book-Entry Only System” herein. The Bonds will be dated as of the date of delivery and will bear interest at the rates and mature in the amounts and at the times set forth on the inside cover of this Preliminary Official Statement. Interest on the Bonds will be payable initially on March 1, 2025, and thereafter, semiannually on March 1 and September 1.

When issued, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”), New York, New York. Purchasers of the Bonds (the “Beneficial Owners”) will not receive any physical delivery of bond certificates, and beneficial ownership of the Bonds will be evidenced only by book entries. See “BOOK – ENTRY ONLY SYSTEM” herein.

Payment of Principal and Interest

So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, payments of principal of, redemption premium, if any, and interest on the Bonds, when due, are to be made to DTC and all such payments shall be valid and effective to satisfy fully and to discharge the obligations of the School District with respect to, and to the extent of, principal of and interest so paid.

If the use of the Book-Entry Only System for the Bonds is discontinued for any reason, bond certificates will be issued to the Beneficial Owners of the Bonds and payment of principal and interest on the Bonds shall be made as described in the following paragraphs:

The principal of the Bonds, when due upon maturity or upon any earlier redemption, will be paid to the registered owners of the Bonds, or registered assigns, upon surrender of the Bonds to Manufacturers and Traders Trust Company (the “Paying Agent”), acting as paying agent and sinking fund depository for the Bonds, at its corporate trust office in Harrisburg, Pennsylvania or Buffalo, New York (or to any successor paying agent at its designated office(s)).

Interest is payable to the registered owner of a Bond from the interest payment date next preceding the date of registration and authentication of the Bond, unless: (a) such Bond is registered and authenticated as of an interest payment date, in which event such Bond shall bear interest from said interest payment date, or (b) such Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event such Bond shall bear interest from such interest payment date, or (c) such Bond is registered and authenticated on or prior to the Record Date preceding March 1, 2025, in which event such Bond shall bear interest from the date of delivery, which is expected to be November 26, 2024, or (d) as shown by the records of the Paying Agent, interest on such Bond shall be in default, in which event such Bond shall bear interest from the date to which interest was last paid on such Bond. Interest shall be paid initially on March 1, 2025, and thereafter, semiannually on March 1 and September 1 of each year, until the principal sum is paid. Interest on each Bond is payable by check drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the fifteenth (15th) day next preceding such interest payment date (the “Record Date”), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of the Bond subsequent to such Record Date and prior to such interest payment date, unless the School District shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name the Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owner of such Bond not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the person in whose name such Bond is registered at the close of business on the fifth (5th) day preceding the date of mailing.

If the date for payment of the principal or interest on any Bonds of or interest on any Bonds on an interest payment date, at maturity, or at redemption shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth of Pennsylvania are authorized by law or executive order to close, then the date for payment of such principal or interest shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the nominal date established for such payment.

Transfer, Exchange and Registration of Bonds

Subject to the provisions described below under “Book-Entry Only System,” Bonds are transferable or exchangeable by the registered owners thereof upon surrender of Bonds to the Paying Agent, accompanied by a written instrument or instruments in form, with instructions, and duly executed by the registered owner of such Bond or his attorney-in-fact or legal representative. Neither the School District nor the Paying Agent shall be required (a) to issue or transfer any Bonds during a period beginning with the close of business on the Record Date next preceding any interest payment date and ending at the close of business on the interest payment date or (b) to issue or transfer any Bonds then considered for redemption during a period beginning at the close of business on the fifteenth (15th) day next preceding any date of selection of the Bonds to be redeemed and ending at the close of business on the day on which the applicable notice of redemption mailed is or (c) issue or transfer any Bonds during the period beginning at the opening of business on the first business day next succeeding the business day the Paying Agent determines the registered owners of Bonds to receive notice of any Special Record Date and the close of business on the Special Record Date or (d) to transfer or issue any portion of any Bond selected for redemption until after the redemption date. The Paying Agent shall enter any transfer of ownership of Bonds in the registration books and shall authenticate and deliver at the earliest practicable time in the name of the transferee or transferees a new fully registered bond or bonds of authorized denominations of the same series, maturity and interest rate for the aggregate principal amount which the registered owner is entitled to receive. The School District and the Paying Agent may deem and treat the registered owner of any Bond as the absolute owner thereof (whether or not a Bond shall be overdue) for the purpose of receiving payment of or on account of principal and interest

and for all other purposes, and the School District and the Paying Agent shall not be affected by any notice to the contrary.

Commonwealth Enforcement of Debt Service Payments

Section 633 of the Pennsylvania Public School Code of 1949, as amended by Act 150 of 1975, and as further amended and supplemented (the "Public School Code"), presently provides that in all cases where the board of school directors of any school district fails to pay or to provide for the payment of any indebtedness on the date of maturity or date of mandatory redemption or on any sinking fund deposit date, or any interest due on such indebtedness on any interest payment date or on any sinking fund deposit date, in accordance with the schedule under which the Bonds were issued, the Secretary of Education shall notify such board of school directors of its obligation and shall withhold out of any Commonwealth appropriation due such school district an amount equal to the sum of the principal amount maturing or subject to mandatory redemption and interest owing by such school district, or sinking fund deposit due by such school district, and shall pay over the amount so withheld to the bank or other person acting as sinking fund depository for such Bond issue. These withholding provisions are not part of any contract with the holders of the Bonds, and may be amended or repealed by future legislation.

The effectiveness of Section 633 of the Public School Code may be limited by the application of other withholding provisions contained in the Public School Code, such as provisions for withholding and paying over of appropriations for payment of unpaid teachers' salaries. Enforcement may also be limited by bankruptcy, insolvency, or other laws or equitable principles affecting the enforcement of creditors' rights generally. See also "**Pennsylvania Budget Adoption**" hereinafter.

Pennsylvania Budget Adoption

Due to the uncertainty of funding and expenditures caused by the COVID-19 pandemic, on May 29, 2020, the governor passed a five-month stopgap budget for the fiscal year 2020-21. This budget provided five months of flat funding for most state programs and a full twelve months of flat funding for public education. On November 20, 2020, the General Assembly passed Senate Bill 1350 and House Bill 2536, which included the 2020-21 Supplemental Budget to fund the Commonwealth through the remaining seven-months of fiscal year 2020-21. On November 23, 2020, the Governor approved the 2020-21 Supplemental Budget. The 2020-21 Supplemental Budget included mostly flat funding for public education similar to the stopgap budget adopted for the first five months of the 2020-21 fiscal year.

The Governor timely signed the state's 2021-22 fiscal year budget on June 30, 2021. That budget included an increase of \$300 million for basic education, with \$100 million of that targeted to the 100 historically underfunded school districts that included some in both urban and rural areas of the state. Special education received a \$50 million increase, boosting that budget line to \$1.24 billion, while preschool and Head Start programs received a \$30 million increase, to \$311.5 million. All told, funding for K-12 schools reached a then record high of \$13.55 billion in the 2021-22 budget.

After a week's delay and intense negotiations, a \$42.7 billion budget for the state's 2022-23 fiscal year was signed by then Governor Tom Wolf on July 8, 2022, which included \$7.6 billion for the basic education funding appropriation and \$225 million to supplement school districts with a higher at risk student population. The total amount was a \$25 million increase over the 2021-22 fiscal year appropriation.

After over a month delay, a \$44.9 billion budget for the state's 2023-24 fiscal year was signed by Governor Josh Shapiro on August 3, 2023, which included \$7.87 billion for the basic education funding appropriation. The total amount was a \$567 million increase over the 2022-23 fiscal year appropriation. The budget also provided \$50 million in additional aid to school districts for special education services for a total of \$1.4 billion. Certain funds authorized within the 2023-24 Budget required companion implementation language amending the Fiscal Code to be fully implemented. On December 13, 2023, multiple code bills were passed finalizing the 2023-24 Budget for education.

Governor Josh Shapiro signed the state's budget for the 2024-25 fiscal year 11 days late on July 11, 2024. The \$47.6 billion budget includes \$8.097 billion for the basic education funding appropriation. The total amount is a \$225 million increase over the 2023-24 fiscal year appropriation. The budget also provides \$100 million in additional aid to school districts for special education services for a total of \$1.487 billion and \$100 million for cyber charter school tuition reimbursement. 348 school districts (including the School District) will receive additional funding totaling \$493.8 million under a new Adequacy Supplement. 182 school districts will receive an additional \$60 million in total of Hold Harmless Relief Supplement as a component of their basic education funding.

During a state budget impasse, school districts in Pennsylvania cannot be certain when state subsidies and revenues owed them from the Commonwealth will become available. This includes many of the major state subsidies, and overall revenues, that a Pennsylvania school district receives including basic education funding, special education funding, PlanCon reimbursements, and certain block grants, among many others. Future budget impasses may affect the timeliness or amount of payments by the Commonwealth under the withholding provisions of Section 633 of the School Code, however recent legislation included in Act 85 of 2016 has attempted to address the timeliness of the withholding provisions of Section 633 of the School Code during any future budget impasses. (See "Act 85 of 2016" hereinafter).

Security

The Bonds will be general obligations of the School District, payable from its tax and other general revenues. The School District subject to statutory restrictions and limitations has covenanted that it will provide in its budget for each year, and will appropriate from its general revenues in each such year, the amount of the debt service on the Bonds for such year, and will duly and punctually pay or cause to be paid from its Sinking Fund, as hereinafter defined, or any other of its revenues or funds, the principal of each of the Bonds and the interest thereon at the dates and place and in the manner stated on the Bonds, and for such budgeting, appropriation and payment the School District subject to statutory restrictions and limitation irrevocably has pledged its full faith, credit and taxing power, within the limits provided by law. (See “**SCHOOL DISTRICT FINANCES**” and “**TAXES AND TAXING POWERS OF THE SCHOOL DISTRICT**” herein). The Act presently provides for enforcement of debt service payments as hereinafter described (see “Defaults and Remedies” herein), and the Pennsylvania Public School Code presently provides for the withholding and application of subsidies in the event of failure to pay debt service (see “Commonwealth Enforcement of Debt Service Payments” above).

Act 85 of 2016

On July 13, 2016, the Governor of the Commonwealth signed into law Act No. 85 of 2016, (P.L. 664, No. 85) (“Act 85 of 2016”), an amendment to the Act of April 9, 1929 (P.L. 343, No. 176), known as the Fiscal Code (“Fiscal Code”). Act 85 of 2016 adds to the Fiscal Code Article XVII-E.4, entitled “School District Intercepts for the Payment of Debt Service During Budget Impasse”, which provides for intercept of subsidy payments by the Pennsylvania Department of Education (“PDE”) to a school district subject to an intercept statute or an intercept agreement in the event of a Commonwealth budget impasse in any fiscal year.

Act 85 of 2016 includes in the definition of “intercept statutes” Section 633 of the Public School Code. The School District's general obligation bonds, including the Bonds, are subject to Section 633 of the Public School Code.

Act 85 of 2016 provides that the amounts that may be necessary for PDE to comply with the provisions of the applicable intercept statute or intercept agreement “shall be appropriated” to PDE from the General Fund of the Commonwealth after PDE submits justification to the majority and minority chairs of the appropriations committees of the Pennsylvania Senate and House of Representatives allowing ten (10) calendar days for their review and comment, if, in any fiscal year:

- (1) annual appropriations for payment of Commonwealth money to school districts have not been enacted by July 1 and continue not to be enacted when a payment is due;
- (2) the conditions under which PDE is required to comply with an intercept statute or intercept agreement have occurred, thereby requiring PDE to withhold payments which would otherwise be due to school districts; and
- (3) the Secretary of PDE, in consultation with the Secretary of the Budget, determines that there are no payments or allocations due to be paid to the applicable school districts from which PDE may withhold money as required by the applicable intercept statute or intercept agreement.

The necessary amounts shall be appropriated and paid to the paying agent on the day the scheduled payment for principal and interest is due on the expiration of the tenth (10th) day following submission of the justification described above to the majority and minority chairs of the appropriations committees, who may comment on the justification but cannot prevent the effectiveness of the appropriation.

The total of all intercept payments under Article XVII-E.4 for a school district may not exceed 50% of the total nonfederal general fund subsidy payments made to that school district in the prior fiscal year.

Act 85 of 2016 requires that each school district with bonds or notes subject to an intercept statute or intercept agreement must deliver to PDE, in such format as PDE may direct, a copy of the final Official Statement for the relevant bonds or notes or the loan documents relating to the obligations, within thirty (30) days of receipt of the proceeds of the obligations. The School District intends on submitting this information with respect to the Bonds to PDE within the prescribed timeframe following the issuance of the Bonds. Act 85 of 2016 provides that any obligation for which PDE does not receive the required documents shall not be subject to the applicable intercept statute or intercept agreement.

The provisions of Act 85 of 2016 are not part of any contract with the holders of the Bonds and may be amended or repealed by future legislation.

Sinking Fund

A sinking fund for the payment of debt service on the Bonds, designated “Sinking Fund, Conewago Valley School District General Obligation Bonds, Series of 2024” (the “Sinking Fund”), has been created under the Resolution and is maintained by the Paying Agent, as sinking fund depository. The School District shall deposit in the Sinking Fund a sufficient sum not later than the date when interest and/or principal is to become due on the Bonds so that on each payment date the Sinking Fund will contain an amount which, together with any other fund available therein, is sufficient to pay, in full, interest and/or principal then due on the Bonds.

The Sinking Fund shall be held by the Paying Agent, as sinking fund depository, and invested by the Paying Agent in such securities or shall be deposited in such funds or accounts as are authorized by the Debt Act, upon direction of the School District. Such deposits and securities shall

be in the name of the School District, but subject to withdrawal or collection only by the Paying Agent, as sinking fund depository, and such deposits and securities, together with the interest thereon, shall be a part of the Sinking Fund.

The Paying Agent, as sinking fund depository, is authorized without further order from the School District to pay from the Sinking Funds the principal of and interest on the Bonds, as and when due and payable.

BOOK-ENTRY ONLY SYSTEM

The information in this section has been obtained from materials provided by DTC for such purpose. The School District (herein referred to as the "Issuer") and the Underwriter do not guaranty the accuracy or completeness of such information, and such information is not to be construed as a representation of the School District or the Underwriter.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and redemption payments on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to Issuer or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

NEITHER THE ISSUER NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DTC PARTICIPANT, INDIRECT PARTICIPANT OR BENEFICIAL OWNER OR ANY OTHER PERSON WITH RESPECT TO: (1) THE BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS; (4) THE DELIVERY TO ANY BENEFICIAL OWNER BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN TO BONDHOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (6) ANY OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

The Issuer and the Paying Agent cannot give any assurances that DTC or the Participants will distribute payments of the principal or redemption price of and interest on the Bonds paid to DTC or its nominee, as the registered owner of the Bonds, or any redemption or other notices, to the Beneficial Owners or that they will do so on a timely basis, or that DTC will serve and act in the manner described in this Preliminary Official Statement.

REDEMPTION OF BONDS

Mandatory Redemption

The Bonds are subject to redemption prior to maturity as required by the Resolution, in the amounts and on September 1 of the years shown below, from moneys in the Mandatory Sinking Fund created pursuant to the Resolution, upon payment of the principal amount being redeemed, together with interest accrued to the date fixed for redemption.

Bonds stated to mature September 1, ____:

*Final Maturity

In lieu of such Mandatory Redemption, the Paying Agent, on behalf of the School District, may purchase from money in the Sinking Fund, at a price not to exceed the principal amount plus accrued interest, or the School District may tender to the Paying Agent, all or part of the Bonds subject to being drawn for redemption in any such year.

In the case of any prior, optional redemption in part of a Bond that is subject to future mandatory redemption pursuant to the operation of the Mandatory Sinking Fund, the School District shall be entitled to designate whether the principal amount of such Bond redeemed upon optional redemption shall be credited against the principal amount of such Bond to be paid by the School District at the stated maturity of such Bonds or credited against the principal amount of such Bonds scheduled to be called for mandatory sinking fund redemption on any particular date or dates, in each case in an integral multiple of \$5,000 principal amount.

Optional Redemption

The Bonds stated to mature on or after September 1, 2033 shall be subject to redemption prior to maturity, at the option of the School District, as a whole, or from time to time, in part (and if in part, in any order of maturity as selected by the School District and within a maturity by lot), on September 1, 2032 or on any date thereafter, in either case upon payment of a redemption price of 100% of the principal amount of such Bonds, together with accrued interest to the redemption date.

Notice of Redemption

Notice of any redemption shall be given by depositing a copy of the redemption notice in first class mail not less than thirty (30) days nor more than forty-five (45) days prior to the date fixed for redemption addressed to each of the registered owners of Bonds to be redeemed, in whole or in part, at the addresses shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein or in the mailing thereof, shall not affect the validity of any proceeding for redemption of other Bonds so called for redemption as to which proper notice has been given.

On the date designated for redemption, notice having been provided as aforesaid, and money for payment of the principal and accrued interest being held by the Paying Agent, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and such Bonds or portions thereof shall cease to be entitled to any benefit or security under the Resolution, and registered owners of such Bonds or portions thereof so called for redemption shall have no rights with respect to such Bonds, except to receive payment of the principal of and accrued interest on such Bonds to the date fixed for redemption.

Manner of Redemption

If a Bond is of a denomination larger than \$5,000, a portion of such Bond may be redeemed. For the purposes of redemption, a Bond shall be treated as representing the number of Bonds which is obtained by dividing the principal amount thereof by \$5,000, each \$5,000 portion of such Bond being subject to redemption. In the case of partial redemption of a Bond, payment of the redemption price shall be made only upon surrender of such Bond in exchange for Bonds of the same series, maturity and interest rate and in authorized denominations in the aggregate principal amount equal to the unredeemed portion of the principal amount thereof.

If the redemption date for any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth of Pennsylvania are authorized or required by law or executive order to close, then the date for payment of the principal, premium, if any, and interest upon such redemption shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized or required to close, and payment on such date shall have the same force and effect as if made on the nominal date of redemption.

THE SCHOOL DISTRICT

Introduction

The Conewago Valley School District is located in South Central Pennsylvania just east of Gettysburg and is comprised of and is contiguous with the Boroughs of Abbottstown, McSherrystown and New Oxford and the Townships of Berwick, Conewago and Oxford and a portion of the Borough of Bonneauville (18%) and the Townships of Hamilton (97%), Mount Pleasant (68%), Straban (7%) and Tyrone (18%), covering approximately 70 square miles. The population of the School District as of the 2020 Census is 28,874.

Administration

The present School District was organized on July 1, 1971. It is governed by a nine member Board of School Directors (the "School Board"), elected for four-year terms. The superintendent is the chief administrative officer of the School District, with overall responsibility for all aspects of operations, including education and finance. The Business Manager, who also serves as secretary of the School Board, is responsible for budgeting and financial operations. Both of these officials are selected by the School Board.

School Facilities

The School District operates two elementary schools, one intermediate school, one middle school, and one high school all as described on the following table.

**TABLE 1
CONEWAGO VALLEY SCHOOL DISTRICT
SCHOOL DISTRICT FACILITIES**

Building	Original Construction Date	Addition/ Renovation Date(s)	Grades	Number of Classrooms	Rated Pupil Capacity	2024-25 Enrollment
<u>Elementary:</u>						
Conewago Township Elementary School	1958	1972/1985/2003/2011	K-3	26	650	486
New Oxford Elementary School.....	1954	1969/1985/2003/2011	K-3	36	800	579
Conewago Valley Intermediate School ..	2006	2011	4-6	36	1,000	855
<u>Secondary:</u>						
New Oxford Middle School*.....	1976	1995/2003/2018	7-8	53	1,019	580
New Oxford High School	1960	1995/2003/2018	9-12	90	1,373	1,261

*Building one connected, 12 rooms (wing of building) converted to be used by the High School.
Source: School District Officials.

Enrollment Trends

The following Table 2 presents recent trends in school enrollment and projections of enrollment for the next five years, as prepared by the School District's administrative officials.

**TABLE 2
CONEWAGO VALLEY SCHOOL DISTRICT
ENROLLMENT TRENDS**

Actual Enrollments				Projected Enrollments			
School Year	Elementary	Secondary	Total	School Year	Elementary	Secondary	Total
2020-21	1,926	1,848	3,774	2025-26	2,245	2,190	4,435
2021-22	2,000	1,831	3,831	2026-27	2,247	2,192	4,439
2022-23	2,122	1,892	4,014	2027-28	2,250	2,195	4,445
2023-24	2,305	2,172	4,477	2028-29	2,253	2,197	4,450
2024-25	2,243	2,188	4,431	2029-30	2,256	2,198	4,454

Source: School District Officials.

SCHOOL DISTRICT FINANCES

Introduction

The School District budgets and expends funds according to procedures mandated by the Pennsylvania Department of Education. An annual operating budget is prepared by the Superintendent and Business Manager and submitted to the School Board for approval prior to the beginning of the fiscal year.

Financial Reporting

The School District keeps its books and prepares its financial reports according to a modified accrual basis. Major accrual items are payroll taxes and pension fund contributions payable, delinquent taxes receivable, loans receivable from other funds, and revenues receivable from other governmental units. The School District's financial statements are audited annually by a firm of independent certified public accountants, as required by State law. Kochenour, Earnest, Smyser & Burg, Certified Public Accountants, serve as the School District's auditor.

The School District's auditor has not been engaged to perform, and has not performed, since the date of its audit report included in an Appendix to this Preliminary Official Statement, any procedure on the financial statements addressed in that report. Such auditor has also not been engaged to perform, and has not performed, any procedures relating to this Preliminary Official Statement.

Budgeting Process in School Districts under the Taxpayer Relief Act

In General. School districts budget and expend funds according to procedures mandated by the Pennsylvania Department of Education. An annual operating budget is prepared by school district administrative officials on a uniform form furnished by such Department and submitted to the board of school directors for approval prior to the beginning of the fiscal year on July 1.

Procedures for Adoption of the Annual Budget. Under the Taxpayer Relief Act, all school districts of the first class A, second class, third class and fourth class (except as described below) must adopt a preliminary budget proposal (which must include estimated revenues and expenditures and proposed tax rates) no later than 90 days prior to the date of the election immediately preceding the fiscal year. The preliminary budget proposal must be printed and made available for public inspection at least 20 days prior to its adoption; the board of school directors may hold a public hearing on the budget; and the board must give at least 10 days' public notice of its intent to adopt the final budget.

If the adopted preliminary budget includes an increase in the rate of any tax levy, the preliminary budget must be submitted to the Pennsylvania Department of Education (PDE) no later than 85 days prior to the date of the election immediately preceding the fiscal year. PDE is to compare the proposed percentage increase in the rate of any tax with the school district's Index (*see "The Taxpayer Relief Act (Act 1)"* herein) and within 10 days, but not later than 75 days prior to the upcoming election, inform the school district whether the proposed percentage increase is less than or equal to the Index. If PDE determines that a proposed tax increase will exceed the Index, the school district must reduce the proposed tax increase, seek voter approval for the tax increase at the upcoming election, or seek approval to utilize one of the referendum exceptions authorized under The Taxpayer Relief Act.

With respect to the utilization of any of the Taxpayer Relief Act referendum exceptions for which PDE approval is required (*see "The Taxpayer Relief Act (Act 1)"* herein), the school district must publish notice of its intent to seek PDE approval not less than one week before submitting its request for approval to PDE and, if PDE determines to schedule a public hearing on the request, a notice of the date, time and place of such hearing. PDE is required by the Taxpayer Relief Act to rule on the school district's request and inform the school district of its decision no later than 55 days prior to the upcoming election so that, if PDE denies the school district's request, the school district may submit a referendum question to the local election officials at least 50 days before the upcoming election, if it so chooses.

If a school district seeks voter approval to increase taxes at a rate higher than the applicable Index, whether or not it first seeks approval to utilize one of the referendum exceptions available under the Taxpayer Relief Act, and the referendum question is not approved by a majority of the voters voting on the question, the board of school directors may not approve an increase in the tax rate greater than the applicable Index.

Simplified Procedures in Certain Cases. The above budgetary procedures will not apply to a school district if the board of school directors adopts a resolution no later than 110 days prior to the election immediately preceding the upcoming fiscal year declaring that it will not increase any tax at a rate that exceeds the Index and that a tax increase at or below the rate of the Index will be sufficient to balance its budget. In that case, the Taxpayer Relief Act requires only that the proposed annual budget be prepared at least 30 days, and made available for public inspection at least 20 days, prior to its adoption, and that at least ten (10) days' public notice be given of the board's intent to adopt the annual budget. No referendum exceptions are available to a school district adopting such a resolution.

Summary and Discussion of Financial Results

A summary of the General Fund balance sheet and changes in fund balances is presented in Table 3. Tables 4 and 5 show annual changes in ending general fund balances during the past four years, 2023-24 unaudited and 2024-25 budget. The budget for 2024-25 has budgeted \$78,629,637 in revenue and \$79,255,258 in expenditures.

**TABLE 3
CONEWAGO VALLEY SCHOOL DISTRICT
SUMMARY OF COMPARATIVE GENERAL FUND BALANCE SHEET
(Years ending June 30)**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
ASSETS				
Cash and Cash Equivalents	\$11,611,377	\$11,520,807	\$12,897,271	\$13,919,479
Investments	0	0	0	0
Taxes Receivable	1,038,815	953,590	903,224	929,390
Interfund Receivable	0	0	0	0
Intergovernmental Receivable	3,062,489	4,157,672	4,036,270	3,579,662
Other Receivables	307,591	927,296	175,249	204,991
TOTAL ASSETS	<u>\$16,020,272</u>	<u>\$17,559,365</u>	<u>\$18,012,014</u>	<u>\$18,633,522</u>
LIABILITIES				
Interfund Payables	\$231,280	\$97,874	\$742,669	\$1,151,028
Accounts Payable	340,099	65,939	44,106	409,770
Accrued Salaries & Benefits	3,220,532	5,197,838	4,563,712	3,482,743
Payroll Deductions & Withholdings	2,224,281	2,381,336	2,426,456	2,969,862
Unearned Revenues	1,048,844	953,590	1,133,744	1,145,695
Other	528,958	1,054,037	1,128,428	1,110,913
TOTAL LIABILITIES	<u>\$7,593,994</u>	<u>\$9,750,614</u>	<u>\$10,039,115</u>	<u>\$10,270,011</u>
DEFERRED INFLOWS OF RESOURCES⁽¹⁾	\$0	\$0	\$0	\$0
FUND EQUITIES				
Committed Fund Balance	\$0	\$0	\$0	\$0
Assigned Fund Balance	8,040,357	7,422,830	7,586,978	0
Unassigned Fund Balance	385,921	385,921	385,921	8,363,511
TOTAL FUND EQUITIES	<u>\$8,426,278</u>	<u>\$7,808,751</u>	<u>\$7,972,899</u>	<u>\$8,363,511</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITIES	<u>\$16,020,272</u>	<u>\$17,559,365</u>	<u>\$18,012,014</u>	<u>\$18,633,522</u>

Source: School District's PDE-2057 Annual Financial Reports.

**TABLE 4
CONEWAGO VALLEY SCHOOL DISTRICT GENERAL FUND
SUMMARY OF CHANGES IN FUND BALANCE***

	<u>Actual</u>				<u>Unaudited</u>	<u>Budget</u>
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024⁽¹⁾</u>	<u>2025⁽²⁾</u>
Beginning Fund Balance	\$8,025,791	\$8,426,279	\$7,808,752	\$7,972,901	\$8,363,512	\$9,235,693
Revenues over (under) Expenditure	400,488	(617,526)	164,149	390,611	872,181	(625,621)
Other	0	0	0	0	0	0
Ending Fund Balance	<u>\$8,426,279</u>	<u>\$7,808,752</u>	<u>\$7,972,901</u>	<u>\$8,363,512</u>	<u>\$9,235,693</u>	<u>\$8,610,072</u>

*Totals may not add due to rounding.

⁽¹⁾Unaudited, subject to change and final audit.

⁽²⁾PDE-2028 Budget Report, as adopted June 12, 2024.

Source: School District's PDE-2057 Annual Financial Reports and PDE-2028 Budget Report.

General Fund Revenue

The School District received an unaudited \$79,859,513 in revenue in 2023-24 and has budgeted for \$78,629,637 in 2024-25. Local sources decreased as a share of total revenue in the past five years, at 63.4 percent in 2019-20 to an unaudited 61.7 percent in 2023-24. Revenue from State sources decreased as a share of the total revenue from 34.8 percent to an unaudited 33.4 percent over this period. Federal and other sources increased as a share of the total revenue from 1.9 percent to an unaudited 4.9 percent during this period.

**TABLE 5
CONEWAGO VALLEY SCHOOL DISTRICT
SUMMARY OF SCHOOL DISTRICT GENERAL FUND
REVENUES***

REVENUE:	Actual				Unaudited	Budgeted
	2020	2021	2022	2023	2024⁽¹⁾	2025⁽²⁾
Local Sources:						
Real Estate Taxes (Current)	\$29,432,662	\$30,992,388	\$32,090,921	\$33,851,832	\$35,922,004	\$40,159,751
Interim Real Estate	0	0	0	0	207,153	435,000
Total Act 511 Taxes	7,584,813	8,337,992	8,745,858	9,080,639	9,594,206	9,249,500
Per Capita (Sec. 679) Tax	90,536	91,211	92,408	91,299	92,412	91,300
Public Utility Tax	32,262	35,990	37,571	39,069	40,756	40,756
Payments in Lieu of Current Taxes/State & Local	0	0	0	0	0	0
Delinquent Taxes	545,865	770,426	783,652	741,740	621,349	741,440
Earnings from Temporary Deposits & Investments	256,029	6,427	15,260	744,205	1,167,122	775,000
Fed. Rev. Revd. From Other PA Public Schools	573,047	625,458	907,871	780,833	850,891	850,891
Revenue from Student Activities	61,618	9,900	65,055	78,731	82,365	75,000
Rentals	28,263	18,000	26,180	21,083	26,855	21,082
Capital Contributions and Donations from Private Sources	30	0	0	0	5,640	5,000
Tuition from Patrons	450,364	389,761	429,897	501,410	0	501,410
Receipts from Other LEAS in PA-Education	0	2,237	6,078	2,474	578,062	0
Refunds of Prior Years' Expenditures	0	0	0	0	0	0
Other Sources	59,803	10,000	54,392	57,951	74,361	36,337
Total Local Sources	\$39,115,290	\$41,289,788	\$43,255,143	\$45,991,265	\$49,263,176	\$52,982,467
State Sources:						
Instructional Subsidy	\$9,318,192	\$9,318,179	\$9,872,772	\$11,174,001	\$12,133,419	\$12,288,360
Tuition for Orphans & Children in Private Homes	43,632	41,815	61,164	39,186	63,573	41,815
Vocational Education	0	0	36,812	166,128	255,789	199,264
Migratory Children	1,075	1,000	1,320	320	520	320
Special Education	2,107,877	2,107,771	2,289,148	2,521,801	2,660,383	2,600,540
Transportation	1,714,218	1,339,331	1,289,031	1,468,206	2,023,616	1,468,206
Rentals and Sinking Fund Payments	572,772	419,585	666,297	560,973	450,781	402,779
Health Services	83,013	82,308	76,849	79,861	78,464	78,646
Revenue for Social Security	1,039,512	1,214,348	1,143,351	1,219,492	1,299,226	1,178,537
Revenue for Retirement Payments	5,064,453	5,305,947	5,586,447	6,009,756	5,758,565	5,154,207
Extra Grants/PA Accountability Grant	599,963	573,730	579,694	573,730	777,632	573,730
State Property Tax Reduction Allocation	914,773	920,565	914,386	1,155,289	1,153,870	0
Other Sources	0	6,400	0	78,780	0	8,000
Total State Sources	\$21,459,481	\$21,330,981	\$22,517,270	\$25,047,522	\$26,655,838	\$23,994,404
Federal Sources:						
Total Federal Sources	\$1,160,147	\$2,499,340	(\$100,000)	\$2,890,344	\$3,842,043	\$1,652,766
Other Sources:						
Total Other Sources	\$0	\$0	\$0	\$0	\$98,456	\$0
TOTAL REVENUE	\$61,734,919	\$65,120,109	\$67,186,017	\$73,929,131	\$79,859,513	\$78,629,637
EXPENDITURES:						
Instruction	\$42,218,832	\$45,700,189	\$45,311,561	\$49,557,532	\$52,349,235	\$52,977,502
Pupil Personnel	1,341,981	1,505,788	1,579,565	1,810,582	1,917,805	2,017,592
Instructional Staff	2,748,525	3,598,749	3,807,446	3,661,733	4,108,447	4,353,317
Administration	3,138,604	3,208,868	3,142,927	3,680,624	3,527,505	4,238,757
Pupil Health	619,345	630,791	623,932	645,391	768,112	821,700
Business	491,570	497,706	557,904	671,651	945,440	717,610
Operation and Maintenance	3,004,014	3,384,206	3,907,686	3,617,298	3,895,902	3,898,721
Student Transportation	2,512,372	2,809,299	2,864,194	3,250,137	3,010,320	3,786,922
Other Support Services	28,884	20,473	14,414	12,615	12,832	284,733
Operation of Non-Instructional Services	885,575	953,353	987,749	1,065,919	1,200,327	1,249,425
Debt Service	4,104,728	3,428,214	4,208,580	4,565,038	4,251,407	4,908,979
Fund Transfers	240,000	0	15,909	1,000,000	3,000,000	0
Refund of Prior Year Receipts	0	0	0	0	0	0
TOTAL EXPENDITURES	\$61,334,431	\$65,737,635	\$67,021,868	\$73,538,520	\$78,987,332	\$79,255,258
SURPLUS (DEFICIT) OF REVENUES OVER EXPENDITURES	\$400,488	(\$617,526)	\$164,149	\$390,611	\$872,181	(\$625,621)

*Totals may not add due to rounding.

⁽¹⁾Estimated, subject to change and final audit.

⁽²⁾PDE-2028 Budget Report, as adopted June 12, 2024.

Source: School District's PDE-2057 Annual Financial Reports and PDE-2028 Budget Report.

TAXES AND TAXING POWERS OF THE SCHOOL DISTRICT

In General

Subject to certain limitations imposed by the Taxpayer Relief Act, Act No. 1 of the Special Session of 2006, as amended (see “The Taxpayer Relief Act (Act 1)” herein), the School District is empowered by the School Code and other statutes to levy the following taxes:

1. A basic annual tax on all real property taxable for school purposes, not to exceed 25 mills on each dollar of assessed valuation, to be used for general school purposes.
2. An unlimited ad valorem tax on the property taxable for school purposes to provide funds:
 - a. for minimum salaries and increments of the teaching and supervisory staff;
 - b. to pay rentals due any municipality authority or non-profit corporation or due the State Public School Building Authority;
 - c. to pay interest and principal on any indebtedness incurred pursuant to the Local Government Unit Debt Act, or any prior or subsequent act governing the incurrence of indebtedness of the school district; and
 - d. to pay for the amortization of a bond or Bond issue which provided a school building prior to the first Monday of July, 1959.
3. An annual per capita tax on each resident or inhabitant over 18 years of age of not more than \$5.00.
4. Additional taxes subject to division with other political subdivisions authorized to levy similar taxes on the same person, subject, business, transaction or privilege, under Act No. 511, enacted December 31, 1965, as amended (“The Local Tax Enabling Act”). These taxes, which may include, among others, an additional per capita tax, a wage and other earned income tax, a real estate transfer tax, a gross receipts tax, a local services tax and an occupation tax, shall not exceed, in the aggregate, an amount equal to the product of the market valuation of real estate in the School District (as certified by the State Tax Equalization Board of the Commonwealth – “STEB”) multiplied by twelve mills. All local taxing authorities are required by the Local Tax Enabling Act to exempt disabled veterans and members of the armed forces reserve who are called to active duty at any time during the tax year from any local services tax and to exempt from any local services tax levied at a rate in excess of \$10 those persons whose total income and net profits from all sources within the political subdivision is less than \$12,000 for the tax year. The Local Tax Enabling Act also authorizes, but does not require, taxing authorities to exempt from per capita, occupation, and earned income taxes and any local services tax levied at a rate of \$10 or less per year, any person whose total income from all sources is less than \$12,000 per year.

The Taxpayer Relief Act (Act 1)

Under Pennsylvania Act No. 1 of the Special Session of 2006, as amended by Act 25 of 2011 (“The Taxpayer Tax Relief Act” or “Act 1”), a school district may not, in fiscal year 2007-2008 or in any subsequent fiscal year, levy any tax for the support of the public schools which was not levied in the 2006-2007 fiscal year, raise the rate of any earned income and net profits tax if already imposed under the authority of the Local Tax Enabling Act (Act 511), or increase the rate of any tax for school purposes by more than the Index (defined below), unless in each case either (a) such increase is approved by the voters in the school district at a public referendum or (b) one of the exceptions summarized below is applicable and the use of such exception is approved by the Pennsylvania Department of Education (PDE):

1. to pay interest and principal on indebtedness incurred (i) prior to September 4, 2004, in the case of a school district which had elected to become subject to the provisions of the prior Homeowner Tax Relief Act, Act 72 of 2004, or (ii) prior to June 27, 2006, in the case of a school district which had not elected to become subject to Act 72 of 2004; to pay interest and principal on any indebtedness approved by the voters at referendum (electoral debt); and to pay interest and principal on debt refunding or refinancing debt for which one of the above exceptions is permitted, as long as the refunding or refinancing incurs no additional debt other than for costs and expenses related to the refunding or refinancing and the funding of appropriate debt service reserves;
2. to pay costs incurred in providing special education programs and services to students with disabilities, under specified circumstances; and
3. to make payments into the State Public School Employees’ Retirement System when the increase in the estimated payments between the current year and the upcoming year is greater than the Index, as determined by PDE in accordance with the provisions of Act 1.

Any revenue derived from an increase in the rate of any tax allowed under the exception numbered 1 above may not exceed the anticipated dollar amount of the expenditure, and any revenue derived from an increase in the rate of any tax allowed pursuant to any other exception enumerated above may not exceed the rate increase required, as determined by PDE. If a school district’s petition or request to increase taxes by

more than the Index pursuant to one or more of the allowable exceptions is not approved, the school district may submit the proposed tax increase to a referendum.

The Index (to be determined and reported by PDE by September of each year for application to the following fiscal year) is the average of the percentage increase in the statewide average weekly wage, as determined by the State Department of Labor and Industry for the preceding calendar year, and the employment cost index for elementary and secondary schools, as reported by the federal Bureau of Labor Statistics for the preceding 12-month period beginning July 1 and ending June 30. If and when a school district has a Market Value/Income Aid Ratio greater than 0.40 for the prior school year, however, the Index is adjusted upward by multiplying the unadjusted Index by the sum of 0.75 and such Aid Ratio.

The Act 1 Index (the "Index") applicable to the School District in the current and prior fiscal years are as follows:

<u>Fiscal Year (ending June 30)</u>	<u>Applicable Index</u>
2019-20	3.1%
2020-21	3.5%
2021-22	4.0%
2022-23	4.6%
2023-24	5.5%
2024-25	7.2%

A board of school directors may submit, but is not required to submit, a referendum question to the voters at the municipal election in 2009 or any later year seeking approval to levy or increase the rate of an EIT or a PIT for the purpose of funding homestead and farmstead exclusions, but the proposed rate of the EIT or PIT shall not exceed the rate that is required to provide the maximum homestead and farmstead exclusions allowable under law.

SET FORTH ABOVE IS A SUMMARY OF PORTIONS OF THE TAXPAYER RELIEF ACT. THIS SUMMARY IS NOT INTENDED TO BE AN EXHAUSTIVE DISCUSSION OF THE PROVISIONS OF THE TAXPAYER RELIEF ACT NOR A LEGAL INTERPRETATION OF ANY PROVISION OF THE TAXPAYER RELIEF ACT AND A PROSPECTIVE PURCHASER OF THE BONDS SHOULD REVIEW THE FULL TEXT OF THE TAXPAYER RELIEF ACT AS A PART OF ANY DECISION TO PURCHASE THE BONDS.

Status of the Bonds under Act 1

No exceptions to the Act 1 taxing limits are expected to apply to the Bonds.

Act 24 of 2001

Act 24 of 2001 of the Commonwealth of Pennsylvania, which became law on June 22, 2001, authorizes a Board of School Directors to schedule a public hearing and conduct a ballot referendum on replacing the school district’s occupation tax with an increase in the local earned income tax. Currently, school districts in Pennsylvania share a 1.5% tax on the annual amount of residents’ wages and other earned income (which excludes unearned or investment income), with the resident municipality. Under the new law, this tax could be increased by the percentage necessary to generate revenue equal to what was collected during the preceding year on the occupation tax. The occupation tax is a flat amount for all employed individuals, or assessed by various trade, occupation, and professional titles, regardless of income. The restructured tax is designed to be revenue neutral to the school district.

The School District has not placed a referendum question on the ballot as it relates to Act 24 of 2001.

Legislation Limiting Unreserved Fund Balances

Pennsylvania Act No. 2003-48 (enacted December 23, 2003) prohibits a school district from increasing real property taxes for the school year 2005-2006 or any subsequent school year, unless the school district has adopted a budget for such school year that includes an estimated ending unreserved undesignated fund balance which is not more than a specified percentage of the total budgeted expenditures, as set forth below:

<u>Total Budgeted Expenditures</u>	<u>Estimated Ending Unreserved Undesignated Fund Balance as a Percentage of Total Budgeted Expenditures</u>
Less than or equal to \$11,999,999	12.0%
Between \$12,000,000 and \$12,999,999	11.5%
Between \$13,000,000 and \$13,999,999	11.0%
Between \$14,000,000 and \$14,999,999	10.5%
Between \$15,000,000 and \$15,999,999	10.0%
Between \$16,000,000 and \$16,999,999	9.5%
Between \$17,000,000 and \$17,999,999	9.0%
Between \$18,000,000 and \$18,999,999	8.5%
Greater than or equal to \$19,000,000	8.0%

“Estimated ending unreserved fund balance” is defined in Act 2003-48 as that portion of the fund balance which is appropriate for expenditure or not legally or otherwise segregated for a specific or tentative future use, projected for the close of the school year for which a school district’s budget was adopted and held in the general fund accounts of the school district.

Tax Levy Trends

Table 6 which follows shows the recent trend of tax rates levied by the School District. Table 7 shows the comparative trend of real property tax rates for the School District, the municipalities and Adams County.

**TABLE 6
CONEWAGO VALLEY SCHOOL DISTRICT TAX RATES**

	Real Estate (mills)	Per Capita⁽¹⁾ (\$)	Earned Income (%)	Real Estate Transfer⁽²⁾ (%)	Local Services Tax (\$)	Amusement Tax (%)
2020-21	13.9209	10.00	1.00	1.00	10.00	5.00
2021-22	14.1993	10.00	1.00	1.00	10.00	5.00
2022-23	14.8524	10.00	1.00	1.00	10.00	5.00
2023-24	15.6691	10.00	1.00	1.00	10.00	5.00
2024-25	16.7971	10.00	1.00	1.00	10.00	5.00

⁽¹⁾Includes School Code and Act 511 taxes.

⁽²⁾Subject to sharing providing the municipality levies the tax.

Source: School District Officials.

**TABLE 7
CONEWAGO VALLEY SCHOOL DISTRICT
COMPARATIVE REAL PROPERTY TAX RATES
(Mills on Assessed Value)**

	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>
School District	13.9209	14.1993	14.8524	15.6691	16.7971
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Abbottstown Borough.....	2.6656	2.6000	2.6000	2.6000	2.6000
Berwick Township.....	0.4000	0.4000	0.4000	0.4000	0.4000
Bonneauville Borough (portion).....	2.1699	2.1699	2.1699	2.1699	2.1699
Conewago Township.....	2.5109	2.0109	2.0109	2.0109	2.0109
Hamilton Township (portion).....	0.7345	0.7345	0.7345	0.7345	0.7345
McSherrystown Borough.....	3.6256	3.6256	4.1261	4.1261	4.1261
Mt. Pleasant Township (portion).....	0.7050	0.7050	0.7050	0.7050	0.7050
New Oxford Borough.....	2.7000	2.7000	2.7000	2.7000	2.7000
Oxford Township.....	0.9828	0.9828	0.9828	0.9828	0.9828
Straban Township (portion).....	0.3510	0.3510	0.3510	0.3510	0.3510
Tyrone Township (portion).....	0.6727	0.6727	0.6727	0.6727	0.6727
Adams County.....	4.1893	4.1893	4.1893	4.4393	4.4393

Source: Department of Community and Economic Development – Municipal Statistics.

Real Property Tax

The real property tax (excluding delinquent collections) produced \$36,172,176 in 2023-24 approximately 45.3 percent of total revenue. The tax is levied on July 1 of each year. The tax bills are dated July 1 and taxpayers who remit within 62 days receive a 2 percent discount, and those who remit subsequent to November 1 are assessed a 10 percent penalty.

The following tables summarize recent trends of assessed and market valuations of real property and real property tax collection data. The most recent countywide re-assessment became effective in January 2012. As part of the countywide reassessment the percentage of the assessed values were raised to 100% of the fair market value.

**TABLE 8
CONEWAGO VALLEY SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA**

Year	Market Value	Assessed Value	Ratio
2019-20.....	\$1,719,070,707	\$2,318,336,600	134.86%
2020-21.....	1,791,835,880	2,339,329,300	130.55%
2021-22.....	1,813,008,247	2,365,517,600	130.47%
2022-23.....	1,952,160,749	2,401,351,300	123.01%
2023-24.....	1,985,230,915	2,436,337,500	122.72%

Source: Pennsylvania State Tax Equalization Board (STEB) / Tax Equalization Division (TED).

**TABLE 9
CONEWAGO VALLEY SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA BY MUNICIPALITY**

School District	2022	2022	2023	2023
	Market Value	Assessed Value	Market Value	Assessed Value
Abbottstown Borough	\$1,952,160,749	\$2,401,351,300	\$1,985,230,915	\$2,436,337,500
Berwick Township	51,393,598	63,379,200	51,614,955	63,598,900
Bonnaville Borough (portion).....	193,068,761	248,584,900	206,618,861	563,324
Conewago Township.....	15,299,852	19,417,500	15,302,907	19,409,700
Hamilton Township (portion).....	625,283,693	750,680,500	627,748,858	753,229,800
McSherrystown Borough.....	198,033,974	252,026,600	198,766,326	252,440,900
Mt. Pleasant Township (portion).....	133,548,129	161,378,400	133,827,873	161,654,700
New Oxford Borough.....	170,810,800	210,976,900	173,046,590	213,208,100
Oxford Township	102,683,029	126,826,700	102,974,206	127,140,300
Straban Township (portion).....	398,873,901	488,911,000	411,644,019	502,619,500
Tyrone Township (portion)	31,894,804	42,109,300	31,974,796	42,176,500
Adams County.....	31,270,208	37,060,300	31,711,524	37,535,100
	7,832,844,618	9,733,288,900	8,006,963,436	9,913,805,700

Source: Pennsylvania State Tax Equalization Board (STEB) / Tax Equalization Division (TED).

**TABLE 10
CONEWAGO VALLEY SCHOOL DISTRICT
ASSESSMENT BY LAND USE**

	2019	2020	2021	2022	2023
Residential	\$1,604,226,200	\$1,620,789,900	\$1,630,605,800	\$1,659,293,300	\$1,688,346,000
Trailers.....	65,979,300	66,498,700	67,959,200	68,869,700	70,894,500
Seasonal.....	2,954,000	2,953,300	2,775,900	2,749,400	2,749,400
Lots	15,353,900	15,166,600	15,010,400	16,032,400	14,242,500
Industrial.....	120,322,900	120,762,400	122,011,500	122,495,000	124,331,700
Commercial.....	330,951,500	334,963,600	343,438,300	347,037,100	350,462,000
Agriculture.....	169,366,900	171,379,500	174,783,400	175,598,200	175,458,400
Land.....	9,181,900	6,815,300	8,933,100	9,276,200	9,853,000
Total.....	\$2,318,336,600	\$2,339,329,300	\$2,365,517,600	\$2,401,351,300	\$2,436,337,500

Source: Pennsylvania State Tax Equalization Board (STEB) / Tax Equalization Division (TED).

**TABLE 11
CONEWAGO VALLEY SCHOOL DISTRICT
REAL PROPERTY TAX COLLECTION DATA**

<u>Year</u>	<u>Assessed Valuation</u>	<u>Real Estate Mills</u>	<u>Gross Adjusted Levy</u>	<u>Current Year Collections (July-June)</u>	<u>Current Year Collections as Percent of Total Adjusted Flat Levy</u>	<u>Total Current Plus (Delinquent) Collections</u>	<u>Total Collections as Percent of Total Adjusted Levy</u>
2019-20	\$2,322,714,000	13.450	\$30,323,452	\$29,432,662	97.06%	\$29,964,931	98.82%
2020-21	2,325,742,000	13.921	32,155,779	31,059,637	96.59%	31,814,817	98.94%
2021-22	2,390,136,200	14.199	33,347,798	32,128,492	96.34%	32,889,738	98.63%
2022-23	2,418,579,500	14.852	34,777,183	33,851,833	97.34%	34,590,132	99.46%
2023-24	2,436,338,000	15.6691	37,443,095	36,172,176	96.61%	36,722,974	98.08%

Source: School District Financial Reports.

The ten largest real property taxpayers, together with their assessed values are shown in Table 12. The aggregate assessed value of these ten taxpayers totals approximately 7.3 percent of total assessed value.

**TABLE 12
CONEWAGO VALLEY SCHOOL DISTRICT
TEN LARGEST REAL PROPERTY TAXPAYERS**

<u>Owner</u>	<u>2023-24 Assessed Value</u>
The Brethren Home	\$46,265,500
Utz Quality Foods & Potato Chip Co.	28,566,400
C & J Clark America Inc	22,583,200
Vulcan Land & Construction	21,323,900
Michael W. & Jane E./Mary Jane Rice ⁽¹⁾	13,799,500
Conewago Resources	11,195,200
Misty Creek	9,632,500
PCA Corrugated	9,560,200
ERY Properties	7,340,700
Hanover Shoe Farms, Inc	7,130,200
Total	\$177,397,300

⁽¹⁾Pending tax appeal.

Source: School District officials.

Other Taxes

Under Act 511, the School District collected an unaudited \$9,594,206 in other taxes in 2023-24. Among the taxes authorized by Act 511, the Real Estate Transfer Tax, Earned Income Tax, Per Capita Tax, Local Services Tax and Amusement Tax are levied by the School District. The Act 511 limit, equal to 12 mills on the market value of real property was \$23,822,771.

Real Estate Transfer. A tax of 1.0% (subject to sharing providing the municipality levies the tax) of the value of real estate transfers yielded an unaudited \$660,659 in 2023-24, or less than 1.0 percent of the School District's total revenue.

Earned Income Tax. The School District levies a tax of one percent of the earned income of residents. In 2023-24 the current collected portion of this tax yielded an unaudited \$8,737,642 or 10.9 percent of the School District's total revenue.

Per Capita Tax. A tax of \$10.00 (\$5.00 under Act 511 and \$5.00 under the School Code) on each resident over 18 years old yielded an unaudited \$92,412 in 2023-24, or less than 1.0 percent of the School District's total revenue.

Local Services Tax (Formerly Emergency Municipal and Services Tax.) The School District levies a tax of \$10.00. In 2023-24, the School District's collected portion of this tax yielded an unaudited \$61,066 or less than 1.0 percent of the School District's total revenue.

Amusement Tax. The School District levies a tax of 5% on sales at entertainment facilities. In 2023-24, the School District's collected portion of this tax yielded an unaudited \$42,426 or less than one percent of the School District's total revenue.

COMMONWEALTH AID TO SCHOOL DISTRICTS

Pennsylvania school districts receive financial assistance from the Commonwealth in a number of forms, all subject to statutory provisions and annual appropriation by the Pennsylvania General Assembly.

Basic education funding is allocated to all school districts in an amount equal to: (1) a fixed sum equal to the school district's Fiscal Year 2014-15 basic educational funding; plus (2) an additional increment determined annually pursuant to statutory formula which adjusts a school district's average daily membership by a number of factors specific to the composition of the student population as well as the school district's median household income, local tax effort and capacity to generate local revenue. The additional increment as calculated above for any individual school district may be zero.

Information concerning the calculation of the School District's basic education funding can be found on the Pennsylvania Department of Education's website at <https://www.education.pa.gov>

School districts may also receive state aid for special education, pupil transportation, vocational education, and health services, among other things.

Current Lack of State Appropriations for Debt Service Subsidies

Commonwealth law presently provides that the School District will receive, subject to state legislative appropriation, reimbursement from the Commonwealth for a portion of debt service paid on the Bonds following final approval by PDE. Commonwealth reimbursement is calculated based on the "Reimbursable Percentage" assigned to the Bonds by the PDE and the School District's permanent Capital Account Reimbursement Fraction ("CARF") 27.22% or the wealth based Market Value Aid Ratio ("MVAR") currently (61.04%), whichever is higher. The Reimbursable Percentage is determined through a process known as the "Planning and Construction Workbook" or "PlanCon".

The School District expects the Bonds will not be subject to reimbursement by the Commonwealth.

In May of 2016, the Commonwealth enacted appropriation legislation known as Act 25 ("Act 25"), which contains authorization for the Commonwealth Finance Authority ("CFA") to issue up to \$2.5 billion of debt to fund PlanCon reimbursements to school districts. Act 25 also instituted a moratorium on new projects entering the PlanCon process while an advisory committee established under Act 25 considers amendments to the PlanCon reimbursement program. This moratorium went into effect on May 15, 2016 and most recently became indefinite with the adoption of Act No. 33 of 2023 on December 13, 2023.

To date, the CFA has issued \$1,903,065,000, to provide for PlanCon reimbursements owed to school districts, including the issuance of its Revenue Bonds, Series A of 2016 (Federally Taxable) in the principal amount of \$758,185,000 issued on October 31, 2016, its Revenue Bonds, Series A of 2018 (Federally Taxable) in the total amount of \$412,520,000 issued on January 18, 2018, its Revenues Bonds (Federally Taxable), Series A of 2019 in the total amount of \$388,975,000 issued on May 9, 2019, as well as its Revenue Bonds (Federally Taxable), Series A of 2021 in the total amount of \$343,385,000 issued on June 23, 2021. It is expected that proceeds of these issues have been and will continue to be used to provide PlanCon reimbursement that is owed to the School District for past and current fiscal years. However, the School District cannot be certain that any future PlanCon reimbursement will be received by PDE as the ability for CFA to issue additional bonds in the future to fund future PlanCon reimbursements owed to school districts may impact the availability of PlanCon reimbursements payable to the School District. Any failure by the Commonwealth to adopt a timely budget and enact necessary spending authorizations could have a material adverse effect upon the School District's anticipated receipt of PlanCon reimbursements.

There can be no assurances that the School District will be able to successfully apply for, be awarded, and receive sufficient PlanCon reimbursement for the costs of any current or future projects of the School District. A failure by the School District to receive such reimbursement could force the School District to apply other available funds, if any, toward the completion costs of the Project and may have a material adverse effect on the financial resources of the School District to fund other obligations, including payment of debt service on the Bonds.

Legislation has been introduced from time to time in the Pennsylvania legislature containing language that would revise or even abolish the debt service reimbursement program for Pennsylvania school districts. As of the date hereof, and except as described above, none of these proposals have been signed into law. To the extent that any future legislation contains material changes to the PlanCon program as it is structured currently, the amount of PlanCon reimbursement to the School District may be positively or negatively affected, which could materially impact the amount of local funds needed to be raised by the School District to pay debt service on its debt obligations.

DEBT AND DEBT LIMITS

Debt Statement

Table 13 shows the debt of the School District as of October 10, 2024, including the issuance of the Bonds.

**TABLE 13
CONEWAGO VALLEY SCHOOL DISTRICT
DEBT STATEMENT
(As of October 10, 2024)***

NONELECTORAL DEBT	Gross Outstanding
General Obligation Bonds, Series of 2024 (last maturity 2053)	\$12,655,000
General Obligation Bonds, Series of 2023 (last maturity 2053)	13,920,000
General Obligation Notes, Series of 2021 (last maturity 2032)	2,349,000
General Obligation Bonds, Series of 2020 (last maturity 2030)	8,730,000
General Obligation Bonds, Series of 2019 (last maturity 2039)	4,500,000
General Obligation Bonds, Series of 2018 (last maturity 2038)	8,795,000
General Obligation Bonds, Series of 2017 (last maturity 2038)	8,605,000
TOTAL NONELECTORAL DEBT	<u>\$59,554,000</u>
TOTAL LEASE RENTAL DEBT	<u>\$0</u>
TOTAL PRINCIPAL OF DIRECT DEBT	<u>\$59,554,000</u>

*Includes the estimated Bonds offered through this Preliminary Official Statement.

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Table 14 presents the overlapping indebtedness and debt ratios of the School District. After issuance of the Bonds, the principal of direct debt of the School District will total \$59,554,000. After adjustment for available funds and estimated State aid, the local effort of direct debt will total \$57,152,778.

TABLE 14
CONEWAGO VALLEY SCHOOL DISTRICT
BONDED INDEBTEDNESS AND DEBT RATIOS
(As of October 10, 2024)*

DIRECT DEBT	Gross Outstanding	Local Effort or Net of Available Funds and Estimated State Aid⁽¹⁾
Nonelectoral Debt.....	\$59,554,000	\$57,152,778
Lease Rental Debt.....	0	0
TOTAL DIRECT DEBT.....	\$59,554,000	\$57,152,778
OVERLAPPING DEBT		
Adams County ⁽²⁾	\$15,695,236	\$15,695,236
Municipal Debt.....	11,987,876	11,987,876
TOTAL OVERLAPPING DEBT.....	\$27,683,113	\$27,683,113
TOTAL DIRECT AND OVERLAPPING DEBT.....	\$87,237,113	\$84,835,890
DEBT RATIOS		
Per Capita.....	\$3,021.30	\$2,938.14
Percent 2023-24 Assessed Value.....	3.58%	3.48%
Percent 2023-24 Market Value.....	4.39%	4.27%

*Includes the estimated Bonds offered through this Preliminary Official Statement

⁽¹⁾Gives effect to current appropriations for payment of debt service and expected future Commonwealth Reimbursement of School District sinking fund payments based on current Aid Ratio. See “Commonwealth Aid to School Districts”. The School District may, at any time, claim a credit against the gross principal of debt outstanding equal to the amount of debt service.

⁽²⁾Pro rata 24.8 percent of \$63,303,055 principal amount outstanding.

Debt Limit and Remaining Borrowing Capacity

The statutory borrowing limit of the School District under the Debt Act is computed as a percentage of the School District’s “Borrowing Base”. The “Borrowing Base” is defined as the annual arithmetic average of “Total Revenues” (as defined by the Debt Act), for the three full fiscal years ended next preceding the date of incurring debt. The School District calculates its present borrowing base and borrowing capacity as follows:

Total Revenues for 2021-22	\$66,131,261
Total Revenues for 2022-23	71,462,930
Total Revenues for 2023-24 (unaudited)	76,377,624
Total	\$213,971,815
 Annual Arithmetic average (Borrowing Base).....	 \$71,323,938

Under the Debt Act as presently in effect, no school district shall incur any nonelectoral debt or lease rental debt, if the aggregate net principal amount of such new debt together with any other net nonelectoral debt and lease rental debt then outstanding, would cause the net nonelectoral debt plus net lease rental debt to exceed 225% of the Borrowing Base. The application of the aforesaid percentage to the School District’s Borrowing Base produces the following product:

Net Nonelectoral Debt Limit	Legal Limit	Net Debt Outstanding*	Remaining Borrowing Capacity
225% of Borrowing Base	\$160,478,861	\$59,554,000	\$100,924,861

*Preliminary, subject to change. Includes the estimated Bonds described herein; reflects estimated credits against gross indebtedness that may be claimed for a portion of principal of debt estimated to be reimbursed by Commonwealth Aid, self-liquidating debt and amount of principal treated as costs of refunding under the Debt Act.

Debt Service Requirements

Table 15 presents the debt service requirements on the School District's outstanding general obligation and lease rental indebtedness including debt service on the Bonds.

The School District has never defaulted on the payment of debt service.

**TABLE 15
CONEWAGO VALLEY SCHOOL DISTRICT
DEBT SERVICE REQUIREMENTS***

	Other General Obligation Debt	Series of 2024			Total Requirements
		Principal	Interest	Subtotal	
2024-25	\$4,308,979				
2025-26	4,307,907				
2026-27	4,307,976				
2027-28	4,308,260				
2028-29	3,972,922				
2029-30	3,967,951				
2030-31	3,969,312				
2031-32	3,656,008				
2032-33	3,587,125				
2033-34	3,020,571				
2034-35	3,019,856				
2035-36	3,021,338				
2036-37	3,024,448				
2037-38	3,019,495				
2038-39	1,327,850				
2039-40	1,330,025				
2040-41	1,328,650				
2041-42	1,329,785				
2042-43	1,330,303				
2043-44	1,328,798				
2044-45	1,330,115				
2045-46	1,329,098				
2046-47	1,325,250				
2047-48	1,328,500				
2048-49	1,329,250				
2049-50	1,327,500				
2050-51	1,328,125				
2051-52	1,330,875				
2052-53	1,330,625				
2053-54	1,327,375				
Total	\$72,754,270				

*Totals may not add due to rounding.

Table 16 presents data on the extent to which State Aid provides coverage for debt service and lease rental requirements.

**TABLE 16
CONEWAGO VALLEY SCHOOL DISTRICT
COVERAGE OF DEBT SERVICE AND LEASE RENTAL
REQUIREMENTS BY STATE AID***

2023-24 (unaudited) State Aid Received.....	\$26,655,838
2023-24 (unaudited) Debt Service Requirements.....	4,251,407
Maximum Future Debt Service Requirements after Issuance of Bonds	
Coverage of 2023-24 (unaudited) Debt Service Requirements	6.27 times
Coverage of Maximum Future Debt Service Requirements after Issuance of Bonds	times

*Assumes current State Aid Ratio. See "State Aid to School Districts."

Future Financing

The School District anticipate issuing an additional \$50,000,000 - \$55,000,000 in the next 1-2 years for capital projects to existing school facilities.

LABOR RELATIONS

School District Employees

As of October 10, 2024, there are presently 473 employees of the School District, including 315 teachers and administrators and 158 support personnel, secretaries, maintenance staff, cafeteria staff and custodians.

The School District's teachers are represented by the Conewago Valley Education Association (the "Association"), an affiliate of the Pennsylvania State Education Association (PSEA), under a contract with the School District, which expires on June 30, 2025. The School District believes its current labor relations with unionized personnel are good and contract negotiations are currently underway.

Pension Program

Currently, all Pennsylvania school districts and intermediate units participate in a pension program administrated by the Commonwealth. The program is formally known as the Public School Employees' Retirement System ("PSERS"), and a percentage of each eligible employee's salary is contributed by the employee, the School District and the Commonwealth. All full-time employees, part-time employees salaried over eighty days per year and hourly employees with over five hundred hours per year participate in the program.

Contributions are required by active members, School Districts, and the Commonwealth of Pennsylvania as established by the Public School Employees' Retirement Code. Members who enrolled prior to January 1, 2002 range from 5.28% to 7.5% of compensation, depending upon the date of commencement of employment and elections made by each employee member. Members who enrolled in the pension plan on or after January 1, 2002 and before July 1, 2011 is 7.5% of compensation. The contribution rate for PSERS members who enrolled on or after July 1, 2011 is 7.5% or 10.3%, depending upon elections made by each employee member. The PSERS Board of Trustees certified an annual employer contribution rate of 33.9% for the fiscal year 2024-25.

The Commonwealth will reimburse the School District at the rate of 50% of its total contributions with respect to all employees who were hired prior to July 1, 1994. With respect to employees hired after July 1, 1994, and who were not previously employed by another public school system in the Commonwealth, the School District will be reimbursed by the Commonwealth at the rate of the higher of 50% of contributions made by the School District or the current Market Value/Personal Income Aid Ratio. The School District is reimbursed on a quarterly basis.

Under Act 5 of 2017 ("Act 5") PSERS will transition from a traditional defined benefit system and begin to offer defined contribution plans as well. Beginning July 1, 2019, in addition to other transaction rules and options based on members' classifications, certain classes of active members may choose to switch from the current defined benefit plan to one of three new retirement benefit plan options which will be available. Additionally, all active members newly hired on or after July 1, 2019 will be required to select one of those three new retirement benefit plan options and will not be eligible to participate in the current defined benefit plan. The three new plans consist of two hybrid plans, with defined benefit and defined contribution components, along with a stand-alone defined contribution plan.

In addition to its comprehensive change in available plans for active members, Act 5 also made certain changes to the PSERS Board of Trustees and administrative protocols and created the Public Pension Management and Asset Investment Review Commission to study and make recommendations to the General Assembly and the Governor regarding investment performance and strategies.

According to the Independent Fiscal Office, Act 5 is not expected to reduce school district and state contributions to PSERS over the first fifteen years. However, beginning in fiscal 2034-35 through fiscal 2049-50, employer contribution rates are expected to begin to decline due to the lower long-term employer costs of the new benefit plans and will be lower, in the aggregate, over the study period.

Annual School District contributions have been as follows:

Fiscal Year	Gross Contribution
2019-20	\$ 5,087,000
2020-21	\$ 5,033,500
2021-22	\$ 5,180,000
2022-23	\$ 5,398,000
2023-24 (est.)	\$ 5,500,500
2024-25 (budgeted)	\$ 5,087,000

At June 30, 2023, the School District reported a liability of \$83,227,000 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 the PSERS total pension liability as of June 30, 2021 to June 30, 2022. The School District's proportion of the net pension liability was calculated utilizing its one-year reported covered payroll as it relates to the total one-year reported covered payroll of all school

districts. At June 30, 2023, the School District's proportion was 0.1872% which was an increase of 0.0019% from its proportion measured as of June 30, 2022 which was .1853%.

As of June 30, 2023, the PSERS plan was 61.60% funded, with an unfunded actuarial accrued liability of approximately \$44.0 billion. PSERS' rate of return for fiscal year ended June 30, 2023 was 3.54%. The Fund had plan net assets of \$72.8 billion at June 30, 2023. For more information, visit the PSERS website at www.psers.pa.gov, which is not incorporated by specific reference into this Preliminary Official Statement.

Source: School District Administrative Officials and PSERS.

Other Post-Employment Benefits

The School District is obligated under collective bargaining agreements to provide in the future health insurance coverage for current and a few qualified future retired employees, and to provide retirement severance pay for qualified existing employees. The School District which became subject to the requirements of GASB Statements No. 43 and 45, which required the present value of future other post-employment benefits to be reflected as a liability on the School District's financial statements which commenced with the School District's annual financial statements for the fiscal year ending June 30, 2009. For a full description of the plan, please refer to Appendix "D" – Audited Financial Statements - Fiscal Year Ended June 30, 2023.

LITIGATION

At the time of settlement, the President or Vice-President of the Board of School Directors of the School District will deliver a certificate dated as of the date of delivery of and payment for the Bonds, certifying that except for the action described herein, there is no litigation pending which challenges the validity or enforceability of the Bonds and there is no litigation pending which would materially affect the School District's financial condition; or in the event that such litigation is pending, a description of the nature of such litigation, together with an opinion of legal counsel approved by the School District, to the effect that such litigation is without legal merit.

DEFAULTS AND REMEDIES

In the event of failure of the School District to pay or cause to be paid the interest on or principal of the Bonds, as the same becomes due and payable, the holders of the Bonds shall be entitled to certain remedies provided by the Act. Among the remedies, if the failure to pay shall continue for 30 days, holders of the Bonds shall have the right to recover the amount due by bringing an action in assumpsit in the Court of Common Pleas of the county in which the School District is located. The Act provides any judgment shall have an appropriate priority upon the funds next coming into the treasury of the School District. The Act also provides that upon a default of at least 30 days, holders of at least 25 percent of the Bonds may appoint a trustee to represent them. The Act provides certain other remedies in the event of default, and further qualifies the remedies hereinbefore described.

TAX EXEMPTION AND OTHER TAX MATTERS

Federal Tax Matters

In the opinion of Bond Counsel, assuming continuing compliance by the School District with certain covenants to comply with provisions of the Internal Revenue Code of 1986, as amended (the "Code") in order to preserve the Federal income tax exemption of the interest on the Bonds, interest on the Bonds is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and, as to applicable corporations (as defined in Section 59(k) of the Internal Revenue Code, as amended (the "Code")); however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations for tax years beginning after December 31, 2022, under existing statutes, regulations, rulings and court decisions.

The School District will issue its certificate to the effect that on the basis of the facts, estimate and circumstances in existence on the date of delivery of the Bonds it will make no use of the proceeds of the Bonds if such use on the date of issuance reasonably had been expected to cause the Bonds to be "arbitrage bonds" under Section 148 of the Code or the United States Treasury regulations relating to "arbitrage bonds" or corresponding provisions of any Federal tax laws or regulations from time to time proposed or enacted and at the time applicable or proposed to be applicable to the Bonds.

Failure of the School District to comply with certain provisions of the Code, including the requirements to pay certain arbitrage profits to the United States Treasury (unless the School District qualifies for exemption from such requirement) may result in the interest on the Bonds becoming includable in the gross income of the Bondholders. In certain circumstances, such taxability of the interest on the Bonds may be retroactive to the date of the original issuance. It is not anticipated that it will be necessary to rebate any arbitrage profits under the Code.

Deductions for Interest Paid by Financial Institutions to Purchase or Carry Tax-Exempt Obligations

Under the Internal Revenue Code of 1986, as amended (the "Code"), financial institutions are disallowed 100 percent of their interest expense deductions that are allocable, by a formula, to tax-exempt obligations acquired after August 7, 1986. An exception, which reduces the amount of the disallowance, is provided for certain tax-exempt obligations that are designated or "deemed designated" by the issuer as "qualified tax-exempt obligations" under Section 265 of the Code.

The Bonds have **not** been designated, or “deemed designated” as qualified tax-exempt obligations for purposes of Section 265 of the Code (relating to expenses and interest relating to tax-exempt income of certain financial institutions.)

Financial institutions intending to purchase Bonds should consult with their professional tax advisors to determine the effect of the interest expense disallowance on their federal income tax liability.

Other Federal Tax Matters

Ownership of the Bonds may result in other collateral federal income tax consequences to certain taxpayers, including, but not limited to, financial institutions, property and casualty insurance companies, certain subchapter S corporations with substantial passive income and subchapter C earnings and profits, individual recipients of Social Security and Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Bonds. No opinion or representation concerning these matters is being given or made by the School District, Bond Counsel or any other party associated with the issuance, offering or sale of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors concerning these matters.

Changes in Law

From time to time, certain legislative proposals may be introduced, or may now be pending, in the Congress of the United States, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters described above or affect the market value of the Bonds. No prediction can be made whether or in what form any such proposal or proposals might be enacted into law or whether, if enacted, the same would apply to bonds issued prior to enactment.

Bond Counsel gives no assurance that any future legislation or clarifications or amendments to the Code, if enacted into law, will not cause the interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent any beneficial owner of a Bond from realizing the full current benefit of the tax status of the interest on the Bonds. Prospective purchasers of the Bonds are encouraged to consult their own tax advisors regarding any pending or proposed federal legislation, as to which Bond Counsel expresses no view.

Pennsylvania Tax Matters

On the date of delivery of the Bonds, Bond Counsel will issue an opinion to the effect that under existing laws of the Commonwealth, the Bonds are exempt from personal property taxes in the Commonwealth and the interest thereon is exempt from the Commonwealth’s personal income tax and the Commonwealth’s corporate net income tax; however, any profits, gains, or income derived from the sale, exchange, or other disposition of the Bonds will be subject to Pennsylvania taxes and local taxes within the Commonwealth. Bond Counsel will express no opinion regarding other state consequences arising with respect to the Bonds.

Original Issue Discount

The Bonds stated to mature on _____ are being offered and sold to the public at an original issue discount (“OID”) from the amounts payable at their maturity (“Discount Bonds”). OID is the excess of the stated redemption price of a bond at maturity (the face amount) over the “issue price” of such bond. The issue price is the initial offering price to the public (other than the bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of bonds of the same maturity are sold pursuant to that initial offering. For federal income tax purposes, OID on each bond will accrue over the term of the bond, and for the Discount Bonds, the amount of the accrual will be based upon a single rate of interest, compounded semiannual (the “yield of maturity”). The amount of OID that accrues during each semi-annual period will do so ratably over that period on a daily basis. With respect to an initial purchaser of a Discount Bond at its issue price, the portion of OID that accrues during the period that such purchaser owns such Bond is added to the purchaser’s tax basis for purposes of determining gain or loss at the maturity, redemption, sale or other disposition of that Discount Bond and thus, in practical effect, is treated as stated interest, which is excludible from gross income for federal income tax purposes.

Holders of Discount Bonds should consult their own tax advisors as to the treatment of OID and the tax consequences of the purchase of such Discount Bonds other than at the issue price during the initial public offering and as to the treatment of OID for state tax purposes.

Original Issue Premium

The Bonds stated to mature on _____ have been sold at an original issue premium (the “Premium Bonds”). Under the Code, the premium on the Premium Bonds is an adjustment to basis and must be amortized. No deduction is allowable on account of such premium. The method of amortization may be the method regularly employed by the taxpayer if such method is reasonable, or, in all other cases, must be the method prescribed by applicable Treasury Regulations, which provide that the amortizable bond premium is an amount which bears the same ratio to the premium on the Premium Bonds as the number of months in the taxable year during which the bond or note was held by the taxpayer bears to the number of months from the beginning of the taxable year (or, if the bond or note was acquired in the taxable year, from the date of acquisition) to the date of maturity. The basis of the Premium Bonds is reduced by the amount of the amortizable premium.

Holders of Premium Bonds purchased with an original issue premium (the “Acquisition Premium”) should consult their own tax advisors as to the actual effect of such Acquisition Premium with respect to their own tax situation as to the treatment of Acquisition Premium for state tax purposes.

Information Reporting

Under 2006 amendments to the Internal Revenue Code, payments of interest on the Bonds will be reported to the Internal Revenue Service by the payor on Form 1099 unless the Bondholder is an “exempt person” under Section 6049 of the Code. A Bondholder who is not an exempt person may be subject to “backup withholding” at a specified rate prescribed in the code if the Bondholder does not file Form W-9 with the payor advising the payor of the Bondholder’s taxpayer identification number. Bondholders should consult with their brokers regarding this matter.

The Paying Agent will report to the Bondholders and to the Internal Revenue Service for each calendar year the amount of any “reportable payments” during such year and the amount of tax, if any, with respect to payments made on the Bonds.

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission (the “SEC”), the School District (being an “obligated person” with respect to the Bonds, within the meaning of the Rule), will execute a Continuing Disclosure Agreement. See Appendix C for the proposed form of Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”).

With respect to the filing of annual financial and operating information, the School District reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information to the extent necessary or appropriate as a result of a change in legal requirements or a change in the nature of the School District or its operations or financial reporting, but the School District will agree that any such modification will be done in a manner consistent with the Rule.

The School District acknowledges that its undertaking pursuant to the Rule described herein is intended to be for the benefit of the holders and beneficial owners of the Bonds and shall be enforceable by the holders and beneficial owners of the Bonds, but the right of the holders and beneficial owners of the Bonds to enforce the provisions of the School District’s continuing disclosure undertaking shall be limited to a right to obtain specific enforcement, and any failure by the School District to comply with the provisions of the undertaking shall not be an event of default with respect to the Bonds.

The School District’s obligations with respect to continuing disclosure described herein shall terminate upon the prior redemption or payment in full of all of the Bonds or if and when the School District is no longer an “obligated person” with respect to the Bonds, within the meaning of the Rule.

The MSRB has been designated by the SEC to be the central and sole repository for continuing disclosure information filed by issuers of municipal securities since July 1, 2009. Information and notices filed by municipal issuers (and other “obligated persons” with respect to municipal securities issues) are made available through the MSRB’s Electronic Municipal Market Access (“EMMA”) System, which may be accessed on the internet at <http://www.emma.msrb.org>.

Some operating data of the School District may be inherently included in the annual filings of audited financial statements, the summary of the budget, contents of Preliminary Official Statements prepared by the School District for bond issues as well as other publically available information. In connection with the Continuing Disclosure Agreement associated with the Bonds, the School District may not be filing this information separately, but it may be available in the other annual filings of the School District or publically available elsewhere.

Continuing Disclosure Filing History

The School District has previously entered into Continuing Disclosure Agreements with respect to each one of its previously issued bond issues that are currently outstanding. The School District’s filing history of its annual financial and operating information during the past five (5) years is outlined in the table below.

Fiscal Year Ending	Filing Deadline ^[1]	Financial Statements		Budget		Operating Data	
		Filing Date	EMMA ID ^[2]	Filing Date	EMMA ID ^[2]	Filing Date	EMMA ID ^[2]
6/30/2019	12/27/2019	12/20/2019	ES1022832	12/20/2019	ES1022832	12/20/2019	ES1022832
6/30/2020	12/27/2020	12/23/2020	P11108392	12/23/2020	P11108392	12/23/2020	P11108392
6/30/2021	12/27/2021	12/24/2021	P11179041	12/21/2021	P21162171	12/21/2021	P21162172
6/30/2022	3/27/2023	3/20/2023	P21274475	3/20/2023	P21274475	3/20/2023	P21274487
6/30/2023	3/27/2024	3/15/2024	P11312719	3/15/2024	P11312723	3/15/2024	P11312729

Notes

^[1] For these purposes, assumes the shortest filing deadline of the School District’s previous Continuing Disclosure Agreements

^[2] Submission ID is the EMMA Submission ID for each filing. To access a filing, insert the Submission ID to the end of the web address below:
<http://emma.msrb.org/ContinuingDisclosureView/ContinuingDisclosureDetails.aspx?submissionId=>

Based on the information above, the School District’s annual financial and operating filing history over the past five (5) years can be summarized as follows:

For fiscal year ending June 30, 2019, the School District filed the annual financial statements, budget, and operating data on December 20, 2019.

For fiscal year ending June 30, 2020, the School District filed the annual financial statements, budget, and operating data on December 23, 2020.

For fiscal year ending June 30, 2021, the School District filed the annual financial statements on December 24, 2021, and the School District filed the budget and operating data on December 21, 2021.

For fiscal year ending June 30, 2022, the School District filed the annual financial statements, budget, and operating data on March 20, 2023.

For fiscal year ending June 30, 2023, the School District filed the annual financial statements, budget, and operating data on March 15, 2024.

Future Continuing Disclosure Compliance

The School District has conducted a thorough review of its continuing disclosure obligations and submissions. Upon discovering any inadvertent omissions with respect to these filings, the School District, to the best of its knowledge, has attempted to bring its continuing disclosure filings up to date.

In an effort to augment the School District's procedures and policies to maintain future compliance, the School District has taken additional steps intended to assure future compliance with its Continuing Disclosure Agreements. These steps include implementing the MSRB's EMMA internal notification system whereby the School District has set-up through the EMMA portal to receive timely email reminders a month in advance for all of the School District's annual disclosure filings and coordinating with the School District's financial advisor to ensure all disclosure obligations have been made on a timely basis and in all material respects.

A member of the School District's business office will be responsible for ensuring ongoing continuing disclosure compliance. Members of the School District's business office will make an effort to participate in any ongoing continuing education regarding continuing disclosure undertaking if offered by local groups or affiliated organizations such as MSRB, PASBO or GFOA. The School District may communicate with its financial advisor, underwriter(s), bond counsel, or solicitor regarding any questions or concerns regarding ongoing continuing disclosure compliance. The School District may also communicate with its local auditor and advise of the School District's need for financial statements in a timely manner. In the event audited financial statements are not available by the filing deadline, the School District will file to EMMA, if available, its State Form PDE-2057 Annual Financial Report as an interim filing until such audited financial statements are available. Some of the operating data requirements may be found contained within the School District's financial statements or budget filing and may not be filed explicitly by themselves.

RATING

Moody's Investor's Service, Inc. is expected to assign an underlying rating of "Aa3" on the Bonds. Such rating reflects only the view of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following address: Moody's Investor's Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Underwriter has agreed to purchase the Bonds from the School District, subject to certain conditions precedent, and will purchase all of the Bonds if any of such Bonds are purchased. The Bonds will be purchased for a purchase price of \$____, equal to the par value of the Bonds less an underwriters' discount of \$____ plus a net original issue premium of \$____, plus accrued interest from the dated date to the date of delivery of the Bonds.

LEGAL OPINION

The Bonds are offered with the approving legal opinion of Stock and Leader, LLP, Bond Counsel of York, Pennsylvania. Certain legal matters will be passed upon for the School District by Stock and Leader, LLP, of York, Pennsylvania, School District Solicitor.

FINANCIAL ADVISOR

The School District has retained PFM Financial Advisors LLC, Harrisburg, Pennsylvania as financial advisor (the "Financial Advisor") in connection with the preparation, authorization, and issuance of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Preliminary Official Statement. PFM Financial Advisors LLC is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

MISCELLANEOUS

This Preliminary Official Statement has been prepared under the direction of the School District by PFM Financial Advisors LLC, Harrisburg, Pennsylvania, in its capacity as Financial Advisor to the School District. The information set forth in this Preliminary Official Statement had been obtained from the School District and from other sources believed to be reliable. Insofar as any statement herein includes matters of opinion or estimates about future conditions, it is not intended as representation of fact, and there is no guarantee that it is, or will be, realized. Summaries or descriptions of provisions of the Bonds, the Resolution, and all references to other materials not purporting to be quoted in full are only brief outlines of some of the provisions thereof. Reference is hereby made to the complete documents, copies of which will be furnished by the School District or the Financial Advisor upon request. The information assembled in this Preliminary Official Statement is not to be construed as a contract with holders of the Bonds.

The School District has authorized the distribution of this Preliminary Official Statement.

CONEWAGO VALLEY SCHOOL DISTRICT
ADAMS COUNTY, PENNSYLVANIA

By: _____
President, Board of School Directors

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APPENDIX A
Demographic and Economic Information
Relating to the Conewago Valley School District

Introduction

The Conewago Valley School District (the “School District”) is located in the eastern section of Adams County in the South Central portion of Pennsylvania. Covering an area of approximately 70 square miles, the School District’s approximate geographic center (near the Borough of New Oxford) lies 10 miles from the Maryland border, 10 miles east of the Borough of Gettysburg, the County seat, 6 miles northwest of the Borough of Hanover, 18 miles southwest of the City of York, 32 miles south, southwest of the City of Harrisburg and 45 miles north, northwest of the City of Baltimore, Maryland.

Because of the underlying limestone strata in this area, eastern Adams County supplies large quantities of limestone, dolomite, lime and both gray and white cement. Large beds of clay are utilized in making bricks. Adams County apples, peaches, and dairy products are in demand throughout the eastern seaboard. The growing of wheat and corn and cattle raising are other agricultural activities.

Broyhill & Associates, Inc. owns 2,500 acres of land with limestone deposits within the School District.

Population

Table A-1 which follows shows recent population trends for the School District, Adams County and the Commonwealth of Pennsylvania. The School District’s population decreased between 2010-2020. Table A-2 shows 2020 age composition and average number of persons per household in Adams County and for the State. Average household size for Adams County was the same as the statewide average.

**TABLE A-1
RECENT POPULATION TRENDS**

<u>Area</u>	<u>2010</u>	<u>2020</u>	<u>Compound Average Annual Percentage Change 2010-2020</u>
School District.....	27,315	28,874	1.12%
Adams County.....	101,407	103,852	0.48%
Pennsylvania	12,702,379	13,002,700	0.47%

Source: U.S. Census Bureau, 2010 Census and U.S. Census Bureau, 2011-2020 American Community Survey 5-Year Estimates.

**TABLE A-2
AGE COMPOSITION**

<u>Area</u>	<u>0-19 Years</u>	<u>20-64 Years</u>	<u>65+ Years</u>	<u>Persons Per Household</u>
Adams County.....	24.8	56.0	19.2	2.60
Pennsylvania	24.2	59.5	16.3	2.49

Source: U.S. Census Bureau, 2020

Employment

Overall employment data are compiled for the Gettysburg Metropolitan Statistical Area (Adams County) (“MSA”). Table A-3 shows the distribution of employment for August 2024.

**TABLE A-3
DISTRIBUTION OF EMPLOYMENT
GETTYSBURG METROPOLITAN STATISTICAL AREA
(Adams County)**

ESTABLISHMENT DATA	Industry Employment				Net Change From:	
	Aug 2024	Jul 2024	Jun 2024	Aug 2023	Jul 2024	Aug 2023
TOTAL NONFARM	34,500	34,200	34,000	33,400	300	1,100
TOTAL PRIVATE	30,400	30,300	30,100	29,500	100	900
GOODS-PRODUCING	9,100	91,100	8,900	9,000	0	100
Mining, Logging, and Construction	1,800	1,800	1,700	1,800	0	0
Manufacturing	7,300	7,300	7,200	7,200	0	100
SERVICE-PROVIDING	25,400	25,100	25,100	24,400	300	1,000
PRIVATE SERVICE-PROVIDING..	21,300	21,200	21,200	20,500	100	800
Trade, Transportation, and Utilities.....	5,300	5,300	5,300	5,200	3	100
Retail Trade.....	3,500	3,600	3,600	3,600	-100	-100
Educational and Health Services	6,600	6,500	6,500	5,800	100	800
Leisure and Hospitality	4,800	4,900	4,900	4,600	-100	200
Government.....	4,100	3,900	3,900	3,900	200	200

Data benchmarked to March 2022

Data changes of 1000 may be due to rounding

Source: Pennsylvania Department of Labor and Industry.

Table A-4 shows recent trends in labor force, employment and unemployment for Adams County and the State. The unemployment rate for Adams County has been lower than the statewide average.

**TABLE A-4
TRENDS IN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
NOT SEASONALLY ADJUSTED**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024⁽¹⁾</u>	Compound Annual Percentage Change
<i>Adams County</i>						
Civilian Labor Force (000)	54.6	54.4	55.2	55.7	55.3	0.11%
Employment (000)	46.8	52.1	53.6	53.8	53.4	0.04%
Unemployment (000).....	7.8	2.3	1.6	1.9	1.9	1.09%
Unemployment Rate	4.40%	4.20%	2.90%	3.40%	3.50%	
<i>Pennsylvania</i>						
Civilian Labor Force (000)	6,402.0	6,406.0	6,452.0	6,518.0	6,657.0	0.71%
Employment (000)	5,403.0	5,999.0	6,204.0	6,296.0	6,392.0	0.90%
Unemployment (000).....	1,000.0	407.0	248.0	223.0	265.0	-3.46%
Unemployment Rate	15.60%	6.30%	3.80%	3.40%	4.00%	

(1)As of July 2024.

Source: Pennsylvania Department of Labor and Industry, Center for Workforce Information and Analysis website.

**ADAMS COUNTY
TOP 10 EMPLOYERS
1st Quarter 2024**

The largest employers located within or near the School District include:

<u>Name</u>
Gettysburg College
The Gettysburg Hospital
Federal Government
Knouse Foods Cooperative Inc
Packaging Corporation of America
WellSpan Medical Group
Plainville Farms
VR US Holdings Inc
Adams County
Utz Quality Foods LLC

Source: Center for Workforce Information & Analysis, Quarterly Census of Employment and Wages.

Income

The data on Table A-5 shows recent trends in per capita income for the School District, the County and Pennsylvania over the 2010-2020 period. Per capita income in the School District is lower than average per capita income in the County and the Commonwealth. The School District and County per capita income has increased at a faster rate over this period than the per capita income for the Commonwealth.

**TABLE A-5
RECENT TRENDS IN PER CAPITA INCOME***

	<u>2010</u>	<u>2020</u>	<u>Percentage Change</u> <u>2010-2020</u>
School District.....	\$23,905	\$30,102	4.72%
Adams County.....	25,606	32,312	4.76%
Pennsylvania.....	27,049	35,518	5.60%

*Income is defined by the Bureau of the Census as the sum of wage and salary income, non-farm self-employment income, net self-employment income, Social Security and Railroad retirement income, public assistance income, interest, dividends, pensions, etc. before deductions for personal income taxes, Social Security, etc. School District income is the population-weighted average for political subdivisions.

Source: U.S. Census Bureau, 2020 Census and U.S. Census Bureau, 2011-2020 American Community Survey 5-Year Estimates.

Commercial Activity

Table A-6 shows retail sales over a recent five-year period for the County and the State.

**TABLE A-6
TOTAL RETAIL SALES
(000)**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Adams County	\$957,363	\$1,109,693	\$1,153,612	\$1,203,580	\$1,271,950
Pennsylvania	\$188,389,810	\$244,709,540	\$251,185,116	\$274,685,600	297,770,326

Source: The Nielsen Company.

Educational Institutions

Gettysburg College, originally founded in 1832, is located nearby, with an approximate enrollment of 2,000.

Mt. St. Mary's College in Emmittsburg, Maryland, Lutheran Theological Seminary located in Gettysburg, Penn State York Campus and York College in York and Shippensburg University in Shippensburg are all located within commuting distance of the School District. Harrisburg Area Community College has a center at Gettysburg and a contract to hold classes at the New Oxford High School.

Medical Facilities

While there are no medical facilities located within the School District, located within 10 miles of the School District in Gettysburg is the Gettysburg Hospital with approximately 100 beds and more than 500 employees and located within Hanover is the Hanover Hospital with approximately 250 beds and 800 employees.

Housing

According to 2015 American Community Survey figures, there are 41,235 housing units in Adams County, compared to 40,820 in 2010, representing an increase within the 5 year period.

Transportation Facilities

The School District is served by U.S. 15, a main north-south route extending from New York through Pennsylvania, Maryland and the south, and U.S. 30, a main east-west route, which provides ready access to York, Lancaster and Philadelphia to the east and Pittsburgh to the west. The Gettysburg Pike interchange of the Pennsylvania Turnpike lies approximately 25 miles to the north of New Oxford.

Utilities

Telephone service within the School District is provided by The United Telephone Co. of Pennsylvania, Metropolitan Edison Co. and Adams Electric Cooperative provides electricity to residents of the School District and Columbia Gas Co. of Pennsylvania, Inc. serves residents of the School District. The New Oxford Municipal Authority, Conewago Township Municipal Authority, Bonneauville Municipal Authority and the Abbottstown Municipal Authority provide sewer and water.

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APPENDIX B
Opinion of Bond Counsel

**RE: \$ _____ Conewago Valley School District
General Obligation Bonds, Series of 2024**

We have acted as bond counsel in connection with the issuance by Conewago Valley School District, Adams County, Pennsylvania (the “Issuer”) of \$ _____ aggregate principal amount General Obligation Bonds, Series of 2024 (the “Bonds”) dated _____, 2024. The Bonds have been issued pursuant to a Resolution (the “Resolution”) adopted by the Board of School Directors on October 14, 2024, are issuable in the denomination of \$5,000 and whole multiples thereof and are in fully registered form.

As Bond Counsel, we have examined, among other things, originals or certified copies of the approval of the Issuer’s incurrence of non-electoral debt by the Department of Community and Economic Development of the Commonwealth of Pennsylvania, constitutional and statutory provisions and other certificates, instruments and documents as we have deemed necessary or appropriate in order to enable us to render an informed opinion as to the matters set forth herein.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement dated _____, 2024 (the “Official Statement”), or other offering material relating to the Bonds (except to the extent, if any, stated the Official Statement, and we express no opinion relating thereto, excepting only the matters set forth as our opinion in the Official Statement).

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, as of the date hereof and under existing law, as follows:

1. The Bonds are valid and binding general obligations of the Issuer in accordance with their terms.
2. The Issuer has covenanted, by way of the Resolution, to and with registered owners, from time to time, of the Bonds that shall be outstanding, from time to time, pursuant to the Resolution, that the Issuer, subject to statutory restrictions and limitations: (i) shall include the amount of the debt service for the Bonds, for each fiscal year of the Issuer in which such sums are payable, in its budget for that year, (ii) shall appropriate such amounts from its general revenues for the payment of such debt service, and (iii) shall duly and punctually pay or cause to be paid from the sinking fund established under the Resolution or any other of its revenues or funds the principal of and interest on each of the Bonds at the dates and place and in the manner stated in the Bonds, according to the true intent and meaning thereof; and, for such budgeting, appropriation and payment, the Issuer has pledged, irrevocably, its full faith, credit and taxing power.
3. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax; however,

such interest is taken into account in determining the annual adjusted financial statement income for applicable corporations (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the “Code”)) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended (the “Code”), that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds.

4. Under existing law of the Commonwealth of Pennsylvania, the Bonds are exempt from personal property taxes in the Commonwealth and the interest thereon is exempt from the Commonwealth's Personal Income Tax and the Commonwealth's Corporate Net Income Tax. We express no opinion regarding other state tax consequences arising with respect to the Bonds.

5. The Bonds are authorized investments for fiduciaries within the Commonwealth of Pennsylvania.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement or other offering material relating to the Bonds.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

STOCK AND LEADER, LLP

APPENDIX C
Continuing Disclosure Agreement

CONEWAGO VALLEY SCHOOL DISTRICT
Adams County, Pennsylvania
\$12,655,000 General Obligation Bonds, Series of 2024
Dated November __, 2024

DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered by the Conewago Valley School District, Adams County, Pennsylvania (the “Issuer”) in connection with the issuance of its \$12,655,000 aggregate principal amount General Obligation Bonds, Series of 2024 (the “Bonds”). The Bonds are being issued pursuant to a resolution duly adopted by the Board of School Directors of the Issuer on October 14, 2024 (the “Resolution”).

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Dissemination Agent” shall mean the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“EMMA System” shall mean the MSRB’s Electronic Municipal Market Access system, or such other electronic system designated by the MSRB.

“Financial Obligation” shall mean a (i) debt obligation, derivative instrument entered into in connection with, or (ii) pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of (i) or (ii) above. The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Official Statement” shall mean the Official Statement dated _____, 2024 relating to the Bonds.

“Owner” shall mean a registered owner of the Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than two hundred and seventy (270) days after the end of the Issuer’s fiscal year (presently June 30), commencing with the report for the 2023-2024 Fiscal Year, provide to the MSRB through the EMMA System an Annual Report, which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package; and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 4(c).

(b) Not later than fifteen (15) Business Days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send a notice to that effect to the MSRB through the EMMA System.

(c) The Dissemination Agent shall:

(1) determine each year prior to the date for providing the Annual Report the current electronic format of the MSRB for such filing; and

(2) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided.

SECTION 4. Content of Annual Reports. The Issuer’s Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If

the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available; and

(b) An annual update of the information contained under the section "Taxes and Taxing Powers of the School District" of the Official Statement within the Tables "Conewago Valley School District Tax Rates," "Conewago Valley School District Real Property Assessment Data," "Conewago Valley School District Real Property Tax Collection Data" and "Conewago Valley School District Ten Largest Real Property Taxpayers" which may be contained within the budget for the current fiscal year without need for further cross reference; and

(c) A copy (or summary of) the budget for the current fiscal year.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax-exempt status of the Bonds;
- (7) modifications to rights of holders of the Bonds, if material;
- (8) bond calls, if material, and tender offers;

- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(b) The Issuer shall in a timely manner, not in excess of ten days after the occurrence of the event, file a notice of such occurrence with the MSRB through the EMMA System. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement.

SECTION 8. Amendment, Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waivers would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (1) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (2) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (1) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (2) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Notwithstanding any other provisions of this Disclosure Agreement, any filing required by this Disclosure Agreement may be made with such repositories and using such electronic filing systems as may be approved by the Securities and Exchange Commission and/or the MSRB.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

[INTENTIONALLY LEFT BLANK]

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters, Holders and Beneficial Owners from time to time of the Bonds and shall create no rights in any other person or entity.

Dated as of _____, 2024.

Attest:

CONEWAGO VALLEY SCHOOL DISTRICT

Secretary

BY: _____
President

(SEAL)

APPENDIX D
Audited Financial Statement

CONEWAGO VALLEY SCHOOL DISTRICT

**BASIC FINANCIAL STATEMENTS AND
SINGLE AUDIT INFORMATION**

JUNE 30, 2023

CONEWAGO VALLEY SCHOOL DISTRICT
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KOCHENOUR, EARNEST, SMYSER & BURG

Certified Public Accountants
710 South George Street
York, Pa. 17401

Philip G. Lauer, CPA
Mark R. Kephart, CPA

Phone: 717-843-8855
Fax: 717-843-8857

Board of Directors
Conewago Valley School District

We have performed the Single Audit of the Conewago Valley School District for the year ended June 30, 2023 and have enclosed the Single Audit package.

The Single Audit was done to fulfill the requirements of the Uniform Guidance Compliance Supplement. The audit included an examination of the systems of control, systems established to ensure compliance with laws and regulations affecting the expenditures of federal funds, financial transactions and accounts and financial statements and report of the District.

A management letter was prepared as a result of this audit and is included as part of this report.

Sincerely,

Kochenour, Earnest, Smyser & Burg

Certified Public Accountants

York, Pennsylvania
January 25, 2024

KOCHENOUR, EARNEST, SMYSER & BURG

Certified Public Accountants
710 South George Street
York, Pa. 17401

Philip G. Lauer, CPA
Mark R. Kephart, CPA

Phone: 717-843-8855
Fax: 717-843-8857

Board of Directors
Conewago Valley School District
New Oxford, Pennsylvania

January 25, 2024

Re: Management Letter

Board of Directors:

We have completed our audit of Conewago Valley School District for the year ended June 30, 2023.

We have audited the accompanying basic financial statements of the Conewago Valley School District as of and for the year ended June 30, 2023. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. We have issued our audit report in accordance with the above standards stating that the basic financial statements present fairly in all material respects the financial position of the Conewago Valley School District.

In planning and performing our audit, we considered Conewago Valley School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of Conewago Valley School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Conewago Valley School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

We have also audited the compliance of Conewago Valley School District with the types of compliance requirements described in the Uniform Guidance Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2023.

We did not have any findings or questioned costs for the year ended June 30, 2023.

We would like to take this opportunity to thank Lori Duncan and her staff for the cooperation and assistance we received during the course of our audit.

Sincerely,

Kochenour, Earnest, Smyser & Burg

Certified Public Accountants

CONEWAGO VALLEY SCHOOL DISTRICT
DISTRIBUTION REPORT
JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Conewago Valley School District
New Oxford, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Conewago Valley School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School'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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Conewago Valley School District 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 General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Conewago Valley School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from

To the Board of Directors
Conewago Valley School District
New Oxford, Pennsylvania

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 judgement 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 including examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Conewago Valley School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Conewago Valley School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 7-16 and 59-61 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 Conewago Valley School District's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated,

To the Board of Directors
Conewago Valley School District
New Oxford, Pennsylvania

in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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 January 25, 2024, on our consideration of the Conewago Valley School District's internal control over financial reporting and 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 the Conewago Valley School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Conewago Valley School District's internal control over financial reporting and compliance.

Kochenour, Earnest, Smyser & Burg

Certified Public Accountants

York, Pennsylvania
January 25, 2024

**CONEWAGO VALLEY SCHOOL DISTRICT
NEW OXFORD, PENNSYLVANIA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
June 30, 2023**

The discussion and analysis of Conewago Valley School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to review the District's financial performance as a whole; readers should also review the financial statements, notes to the financial statements and related audit information to enhance their understanding of the District's financial performance.

The Management Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

During the 2022-2023 fiscal year, the Conewago Valley School District experienced significant increases in the costs for special education, Charter/Cyber schools and transportation. In the budgeting process, the Board of School Directors was able to balance the budget with a millage of 14.8524. The District was able to balance the budget without utilizing fund balance. The District feels the effects of Covid are beginning to diminish, but will continue to have lingering expenses. At year end, the District was able to replace \$390,612 in fund balance. This result was reasonable in light of all the lingering Covid challenges. The District will continue to budget in a manner that will alleviate dependence on fund reserves to balance the budget.

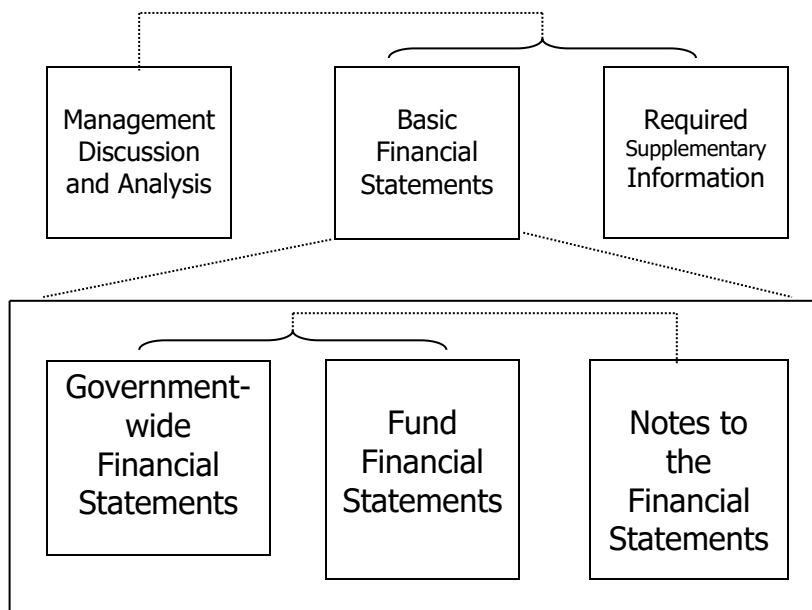
**CONEWAGO VALLEY SCHOOL DISTRICT
NEW OXFORD, PENNSYLVANIA**

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

The financial statements also include notes that explain specific information in the financial statements and provide more detailed data.

Figure A-1 shows the arrangement and relationship between the required parts of the Financial Section.

Figure A-1
Required components of
Conewago Valley School District's
Financial Report



**CONEWAGO VALLEY SCHOOL DISTRICT
NEW OXFORD, PENNSYLVANIA**

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

Figure A-2 Major Features of Conewago Valley School District's Government-wide and Fund Financial Statements				
		Fund Statements		
	Government- wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as education, administration and community services	Activities the District operates similar to private business – Food Services	Instances in which the District is the trustee or agent to someone else's resources – Scholarship Funds
Required financial statements	Statement of net assets Statement of activities	Balance Sheet Statement of revenues, expenditures, and changes in fund balance	Statement of net assets Statement of revenues, expenses and changes in net assets Statement of cash flows	Statement of fiduciary net assets Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
Type of inflow- outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

**CONEWAGO VALLEY SCHOOL DISTRICT
NEW OXFORD, PENNSYLVANIA**

OVERVIEW OF FINANCIAL STATEMENTS

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net assets and how they have changed. Net assets, the difference between the District's assets and liabilities, is one measurement of the District's financial health or position.

Over time, increases or decreases in the District's net assets are an indication of whether its financial health is improving or deteriorating, respectively.

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

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

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

Fund Financial Statements

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

Governmental Funds – Most of the District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds – These funds are used to account for the District activities that are similar to business operations in the private sector; or where the reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding through user charges. When the District charges customers for services it provides – whether to outside customers or to other units in the District – these services are generally reported in proprietary funds. The Food Service Fund is the District's proprietary fund and is the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows.

Fiduciary Funds - The District is the trustee, or fiduciary, for some small scholarship funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets. We exclude these activities from the District's other financial statement because the District cannot use these assets to finance its operations.

**CONEWAGO VALLEY SCHOOL DISTRICT
NEW OXFORD, PENNSYLVANIA**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table A-1
Fiscal Year ended June 30, 2023
Net Assets

	Governmental Activities		Business-type Activities		Total	
	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>
Current and other assets	\$20,913,251	\$21,179,976	\$1,785,442	\$2,047,723	\$22,698,693	\$23,227,699
Capital assets	<u>81,815,238</u>	<u>78,858,665</u>	<u>155,316</u>	<u>277,751</u>	<u>81,970,554</u>	<u>79,136,416</u>
Total assets	\$102,728,489	\$100,038,641	\$1,940,758	\$2,325,474	\$104,669,247	\$102,364,115
Current and Other Liabilities	\$11,862,777	\$11,543,373	\$138,362	\$54,452	\$12,001,139	\$11,597,825
Long-term liabilities	<u>141,570,513</u>	<u>134,671,513</u>	<u>28,460</u>	<u>30,859</u>	<u>141,598,973</u>	<u>134,702,372</u>
Total Liabilities	\$153,433,290	\$146,214,886	\$166,822	\$85,311	\$153,600,112	\$146,300,197
Net Assets:						
Invested in capital assets, net of related debt	\$23,741,392	\$22,810,431	\$0	\$0	\$23,741,392	\$22,810,431
Restricted for retirement of long-term debt	-	-	-	-	-	-
Capital Projects Restricted	-	-	-	-	-	-
Unrestricted	<u>(74,446,193)</u>	<u>(68,986,676)</u>	<u>1,773,936</u>	<u>2,240,163</u>	<u>(72,672,257)</u>	<u>(66,746,513)</u>
Total Net Assets	(50,704,801)	(46,176,245)	\$1,773,936	\$2,240,163	(48,930,865)	(43,936,082)
Total Liabilities & Net Assets	<u>\$102,728,489</u>	<u>\$100,038,641</u>	<u>\$1,940,758</u>	<u>\$2,325,474</u>	<u>\$104,669,247</u>	<u>\$102,364,115</u>

The vast majority of the District's net assets are invested in capital assets (buildings, land, and equipment). The remaining unrestricted net assets are designated and undesignated amounts. The designated balances are amounts set-aside to fund future purchases or capital projects as planned by the District.

The results of this year's operations as a whole are reported in the Statement of Activities of the audited financial statements. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the District's activities that are supported by other general revenues. The two largest general revenues are the Basic Education Subsidy provided by the State of Pennsylvania, and the local taxes assessed to community taxpayers.

**CONEWAGO VALLEY SCHOOL DISTRICT
NEW OXFORD, PENNSYLVANIA**

Table A-2 extracts the information from the Statement of Activities and rearranges it in a format to better understand the total revenues and expenses for the fiscal year.

Table A-2
Fiscal Year ended June 30, 2023
Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>
Revenues:						
Program revenues:						
Charges for services	\$527,210	\$603,697	\$222,373	\$724,074	\$749,583	\$1,327,771
Operating grants and contributions	8,340,228	10,315,451	2,370,570	1,931,607	10,710,798	12,247,058
General revenues:						
Property taxes	41,700,043	43,850,032	-	-	41,700,043	43,850,032
Grants, subsidies and contributions	16,602,569	18,403,249	-	-	16,602,569	18,403,249
Investment earnings	18,511	826,209	1,708	66,983	20,219	893,192
Other	54,393	57,951	-	-	54,393	57,951
Total revenues:	<u>\$67,242,954</u>	<u>\$74,056,589</u>	<u>\$2,594,651</u>	<u>\$2,722,664</u>	<u>\$69,837,605</u>	<u>\$76,779,253</u>
Expenses:						
Instruction	\$41,842,183	\$45,029,032	-	-	\$41,842,183	\$45,029,032
Instructional student support	5,488,586	6,120,028	-	-	5,488,586	6,120,028
Administrative and financial support	3,703,620	4,357,125	-	-	3,703,620	4,357,125
Operation and maint of plant	4,346,678	8,100,119	-	-	4,346,678	8,100,119
Pupil transportation	2,866,596	3,251,177	-	-	2,866,596	3,251,177
Student activities	1,022,327	1,091,472	-	-	1,022,327	1,091,472
Central and other support services	-	-	-	-	-	-
Community services	20,548	30,395	-	-	20,548	30,395
Facility acquisition and improve	-	-	-	-	-	-
Interest on long-term debt	1,501,399	1,548,685	-	-	1,501,399	1,548,685
Food Services	-	-	1,798,879	2,256,437	1,798,879	2,256,437
Total expenses:	<u>\$60,791,937</u>	<u>\$69,528,033</u>	<u>\$1,798,879</u>	<u>\$2,256,437</u>	<u>\$62,590,816</u>	<u>\$71,784,470</u>
Increase (decrease) in net assets	<u>\$6,451,017</u>	<u>\$4,528,556</u>	<u>\$795,772</u>	<u>\$466,227</u>	<u>\$7,246,789</u>	<u>\$4,994,783</u>

**CONEWAGO VALLEY SCHOOL DISTRICT
NEW OXFORD, PENNSYLVANIA**

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

Table A-3 shows the District's nine largest functions - instructional programs, instructional student support, administrative, operation and maintenance of plant, pupil transportation, student activities, community services, long-term debt and depreciation, as well as each program's net cost (total cost less revenues generated by the activities). This table also shows the net costs offset by the other unrestricted grants, subsidies and contributions to show the remaining financial needs supported by local taxes and other miscellaneous revenues.

Table A-3
Fiscal Year ended June 30, 2023
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>
Instruction	\$41,842,183	\$45,029,032	\$35,098,157	\$36,318,738
Instructional student support	5,488,586	6,120,028	5,411,737	6,040,167
Administrative	3,703,620	4,357,125	3,703,620	4,357,125
Operation and maintenance	4,346,678	8,100,119	4,320,498	8,079,036
Pupil transportation	2,866,596	3,251,177	1,577,565	1,782,971
Student activities	1,022,327	1,091,472	957,272	1,012,741
Central and other support	-	-	-	-
Community services	20,548	30,395	20,548	30,395
Facility acquisition and improvement	-	-	-	-
Interest on long-term debt	1,501,399	1,548,685	835,102	987,712
Unallocated depreciation Expense	-	-	-	-
Total governmental activities	\$60,791,937	\$69,528,033	\$51,924,499	\$58,608,885
Less:				
Unrestricted grants, subsidies			16,602,569	18,403,249
Total needs from local taxes and other revenues			\$35,321,930	\$40,205,636

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

Table A-4
Fiscal Year ended June 30, 2023
Business-type Activities

	Total Cost of Services		Net Cost of Services	
	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>
Food Services	\$1,798,879	\$2,256,437	\$794,064	\$398,663
Less:				
Investment earnings			<u>1,708</u>	<u>66,983</u>
Total business-type activities			<u>\$792,356</u>	<u>\$331,680</u>

The Statement of Revenues, Expenses and Changes in Fund Net Assets for this proprietary fund included in the complete audited financial statement will further detail the actual results of operations.

**CONEWAGO VALLEY SCHOOL DISTRICT
NEW OXFORD, PENNSYLVANIA**

THE DISTRICT FUNDS

At June 30, 2023 the District governmental funds reported a total fund balance of \$8,363,511 which is an increase of \$390,612. The primary reasons for the increase are specific to the general funds as noted below.

General Fund: The District is continuing to control expenses in an effort to not utilize Fund Balance in order to balance the Budget. The State continues to place mandates on the District. The District has scrutinized the utilities, repairs, transportation and many others areas in order to find ways to be more efficient and cost effective. The goal of the District is to not utilize Fund Balance to balance the budget since there are many future unknown costs to the District, such as retirement and health costs. The District feels the effects of Covid are beginning to diminish; however, there will be some expenses from Covid that will continue to occur. The increased cost for mental health counseling and technology needs will continue. Overall the District continues to operate efficiently and is striving to eliminate any reliance on fund reserves to balance the budget in order to be prepared for future mandates.

General Fund Budget

During the fiscal year, the Board of School Directors authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. All adjustments are again confirmed at the time the annual audit is accepted, which is after the end of the fiscal year, and is permitted by state law. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in the audited financial statements.

The District applies for federal, state, and local grants and these grants cannot always be anticipated in the budgeting process. Budgeted expenditures and other financing uses also increased by this same amount to compensate for the additional approved grants. Transfers between specific categories of expenditures/financing uses occur during the year. The most significant transfers occur from the budget reserve category to specific expenditure areas.

**CONEWAGO VALLEY SCHOOL DISTRICT
NEW OXFORD, PENNSYLVANIA**

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

At June 30, 2023 the District had \$66,553,212 invested in a broad range of capital assets, including land, buildings and furniture and equipment.

Table A-5
Governmental Activities
Capital Assets - Net of Depreciation

	2022	2023
Land and Site Improvement	\$3,032,819	\$2,530,750
Buildings	\$61,588,390	\$56,987,202
Machinery, Equip, & Vehicles	\$126,762	\$1,296,058
Construction in Progress	\$385,421	385,421

DEBT ADMINISTRATION

During the year, the District made payments against principal of \$3,003,000 resulting in ending outstanding debt as of June 30, 2023 of \$38,389,000.

Table A-6
Outstanding Debt

	2022	2023
General Obligation Bonds:		
- Series 2017	\$9,950,000	\$9,580,000
- Series 2018	\$9,930,000	\$9,610,000
- Series 2019	\$4,710,000	\$4,705,000
- Series 2020	\$9,515,000	\$9,480,000
- Series 2021	\$7,287,000	\$5,014,000

Other obligations include accrued payroll, vacation pay and sick leave for specific employees of the District. More detailed information about our long-term liabilities is included in Note 5 to the financial statements.

**CONEWAGO VALLEY SCHOOL DISTRICT
NEW OXFORD, PENNSYLVANIA**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The School District enrollment has increased slightly over the past three years long-range projections would indicate a continual increase in population. The projections for an escalated level of residential growth in the area given the presence of developable land within the district continue to slowly be developed. The revenue and expenditure budget for the 2023-2024 year increased in comparison the same as the original budget for 2022-2023. This represents a 4.37% increase in budgeted revenues and expenditures.

The comparison of revenue and expenditure categories is as follows:

Table A-7

BUDGETED REVENUES

	2022-2023	2023-2024
Local	61.8%	63.7%
State	35.3%	33.4%
Federal/Other	2.9%	2.9%

BUDGETED EXPENDITURES

	2022-2023	2023-2024
Instruction	68.7%	68.5%
Support Services	24.2%	24.0%
Non-Instruction/Community	1.5%	2.5%
Fund Transfers/Debt	5.6%	5.0%

CONTACTING THE DISTRICT FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to demonstrate the School Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact Dr. Sharon Perry, Superintendent, or Lori Duncan, Business Manager, at the Conewago Valley School District, 130 Berlin Road, New Oxford, PA 17350 or by telephone at (717) 624-2157.

CONEWAGO VALLEY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS	Governmental	Business-type	
Current Assets:	Activities	Activities	Total
Cash and Cash Equivalents	\$ 16,167,711	\$ 1,842,613	\$ 18,010,324
Investments	0	0	0
Taxes Receivable, Net	929,390	0	929,390
Internal Balances	4	151,028	151,032
Other Receivables	204,987	314	205,301
Due From Other Governments	3,579,662	0	3,579,662
Inventories	0	53,768	53,768
Prepaid Expenses	0	0	0
Bond Discount	298,222	0	298,222
Total Current Assets	21,179,976	2,047,723	23,227,699
Noncurrent Assets:			
Land and Site Improvements (Net)	2,530,750	0	2,530,750
Right To Use Leased Assets (Net)	406,958	0	406,958
Building & Building Improv. (Net)	56,987,202	0	56,987,202
Machinery, equipment and Vehicles (Net)	1,296,058	277,751	1,573,809
Construction in Progress	385,421	0	385,421
Prepaid Interest Expense	0	0	0
Total Noncurrent Assets	61,606,389	277,751	61,884,140
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred amounts related to OPEB	2,013,454	0	2,013,454
Deferred amounts related to pensions	15,238,822	0	15,238,822
TOTAL ASSETS	\$ 100,038,641	\$ 2,325,474	\$ 102,364,115
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 702,469	\$ 2,646	\$ 705,115
Internal Balances	151,028	4	151,032
Due To Other Governments	0	0	0
Deferred Revenues	0	51,678	51,678
Accrued G.O. Bond Interest Payable	333,341	0	333,341
Current Portion of Long-Term Debt	2,596,000	0	2,596,000
Payroll Deductions & Withholdings	2,969,862	0	2,969,862
Accrued Salaries and Benefits	3,482,743	124	3,482,867
Other Current Liabilities	1,307,930	0	1,307,930
Total Current Liabilities	11,543,373	54,452	11,597,825
Noncurrent Liabilities:			
Bonds Payable	35,793,000	0	35,793,000
Lease Obligations	406,958		
Compensated Absences	863,661	30,859	894,520
OPEB Obligation	8,602,386	0	8,602,386
Net Pension Liability	83,227,000	0	83,227,000
G.O. Bond Premium	684,143	0	684,143
Total Noncurrent Liabilities	129,577,148	30,859	129,608,007
DEFERRED INFLOWS OF RESOURCES:			
Deferred amounts related to OPEB	2,807,365	0	2,807,365
Deferred amounts related to pensions	2,287,000	0	2,287,000
TOTAL LIABILITIES	146,214,886	85,311	146,300,197
NET POSITION			
Invested in Capital Assets Net of Related Debt	22,810,431	0	22,810,431
Restricted for Retirement of Long-term Debt	0	0	0
Capital Projects	0	0	0
Unrestricted - Designated	7,977,590	0	7,977,590
Unrestricted	(76,964,266)	2,240,163	(74,724,103)
TOTAL NET POSITION	(46,176,245)	2,240,163	(43,936,082)
TOTAL LIABILITIES AND NET POSITION	\$ 100,038,641	\$ 2,325,474	\$ 102,364,115

CONEWAGO VALLEY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:								
Instruction	\$ 45,029,032	\$ 0	\$ 503,883	\$ 8,206,411	\$ 0	\$ (36,318,738)	\$ 0	\$ (36,318,738)
Instructional Student Support	6,120,028	0	0	79,861	0	(6,040,167)	0	(6,040,167)
Admin. & Finl Support Services	4,357,125	0	0	0	0	(4,357,125)	0	(4,357,125)
Op & Main of Plant Svcs	8,100,119	0	21,083	0	0	(8,079,036)	0	(8,079,036)
Pupil Transportation	3,251,177	0	0	1,468,206	0	(1,782,971)	0	(1,782,971)
Student Activities	1,091,472	0	78,731	0	0	(1,012,741)	0	(1,012,741)
Community Services (excl. 3340)	30,395	0	0	0	0	(30,395)	0	(30,395)
Interest on Long-Term Debt	1,548,685	0	0	560,973	0	(987,712)	0	(987,712)
Total Governmental Activities	69,528,033	0	603,697	10,315,451	0	(58,608,885)	0	(58,608,885)
Business-type Activities:								
Food Service	2,256,437	0	724,074	1,931,026	0	0	398,663	398,663
Total Primary Government	\$ 71,784,470	\$ 0	\$ 1,327,771	\$ 12,246,477	\$ 0	(58,608,885)	398,663	(58,210,222)

General revenues:

Taxes	43,850,032	0	43,850,032
Grants, subsidies, & contributions not restricted	18,403,249	0	18,403,249
Investment Earnings	826,209	66,983	893,192
Transfers	0	0	0
Miscellaneous Income	57,951	581	58,532
Total General Revenues	63,137,441	67,564	63,205,005
Change in Net Position	4,528,556	466,227	4,994,783
Net Position—beginning	(50,704,801)	1,773,936	(48,930,865)
Net Position—ending	\$ (46,176,245)	\$ 2,240,163	\$ (43,936,082)

CONEWAGO VALLEY SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

ASSETS	General Fund	Major Fund Construction	Major Fund Capital Reserve	Major Fund	Non-Major Funds	Total Government Funds
Cash and Cash Equivalents	\$ 13,919,479	\$ 1,310,104	\$ 938,128	\$ 0	\$ 0	\$ 16,167,711
Investments	0	0	0	0	0	0
Taxes Receivable	929,390	0	0	0	0	929,390
Other Receivables	204,987	0	0	0	0	204,987
Prepaid Expenses/Expenditures	0	0	0	0	0	0
Due from Other Funds	4	0	1,000,000	0	0	1,000,004
Due from Other Governments	3,579,662	0	0	0	0	3,579,662
TOTAL ASSETS	<u>\$ 18,633,522</u>	<u>\$ 1,310,104</u>	<u>\$ 1,938,128</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 21,881,754</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ 409,770	\$ 222,299	\$ 70,400	\$ 0	\$ 0	\$ 702,469
Due to Other Funds	1,151,028	0	0	0	0	1,151,028
Due to Other Governments	0	0	0	0	0	0
Accrued Salaries and Benefits	3,482,743	0	0	0	0	3,482,743
Payroll Deductions and Withholdings	2,969,862	0	0	0	0	2,969,862
Other Current Liabilities	1,110,913	0	0	0	0	1,110,913
TOTAL LIABILITIES	9,124,316	222,299	70,400	0	0	9,417,015
DEFERRED INFLOWS OF RESOURCES						
Deferred Revenue	1,145,695	0	0	0	0	1,145,695
FUND BALANCES						
Committed - Capital Expenditures	0	0	0	0	0	0
Assigned - Health Care	1,851,850	0	0	0	0	1,851,850
Assigned - Technology Acquisition	900,486	0	0	0	0	900,486
Assigned - Act 77	0	0	0	0	0	0
Assigned - Roof Work	1,080,314	0	0	0	0	1,080,314
Assigned - Athletic Field	564,148	0	0	0	0	564,148
Assigned - Retirement	990,180	0	0	0	0	990,180
Assigned - Debt Payment	2,590,612	0	0	0	0	2,590,612
Assigned - Construction Fund	0	1,087,805	1,867,728	0	0	2,955,533
Unassigned	385,921	0	0	0	0	385,921
TOTAL FUND BALANCES	<u>8,363,511</u>	<u>1,087,805</u>	<u>1,867,728</u>	<u>0</u>	<u>0</u>	<u>11,319,044</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 18,633,522</u>	<u>\$ 1,310,104</u>	<u>\$ 1,938,128</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 21,881,754</u>

The accompanying notes are an integral part of these financial statements.

CONEWAGO VALLEY SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 11,319,044

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$104,818,416 and the accumulated depreciation is \$43,618,985. 61,199,431

Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds. 948,678

Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Bonds Payable	\$ (38,389,000)	
Accrued Interest on the Bonds	(333,341)	
Compensated Absences	<u>(863,661)</u>	(39,586,002)

These assets and liabilities are not presented in the governmental funds but are presented as assets and liabilities on the Statement of Net Position in the governmental activities.

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore are not reported in the funds.

Deferred outflows of resources related to pensions	15,238,822
Deferred inflows of resources related to pensions	(2,287,000)

Deferred outflows of resources related to OPEB	2,013,454
Deferred inflows of resources related to OPEB	(2,807,365)

Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Right to use assets at historical cost	991,722
Accumulated amortization	(584,764)

These assets and liabilities are not presented in the governmental funds but are presented as assets and liabilities on the Statement of Net Position in the governmental activities.

Other

Bond Discount	298,222
Bond Premium	(684,143)
Lease Liability	(406,958)
Net Pension Liability	(83,227,000)
OPEB Liability	<u>(8,602,386)</u>

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES **\$ (46,176,245)**

The accompanying notes are an integral part of these financial statements.

CONEWAGO VALLEY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Major Fund Construction	Major Fund Capital Reserve	Major Fund	Non-Major Funds	Total Governmental Funds
REVENUES						
Local Sources	\$ 45,982,518	\$ 49,468	\$ 32,536	\$ 0	\$ 0	\$ 46,064,522
State Source	25,047,522	0	0	0	0	25,047,522
Federal Sources	2,899,092	0	0	0	0	2,899,092
Total Revenue	73,929,132	49,468	32,536	0	0	74,011,136
EXPENDITURES						
Instruction	49,565,680	0	0	0	0	49,565,680
Support Services	17,294,130	0	0	0	0	17,294,130
Non-Instructional Services	1,065,919	0	0	0	0	1,065,919
Facility Acquisition and Improvement	0	1,087,569	242,806	0	0	1,330,375
Debt Service (Principal and Interest)	4,612,791	0	0	0	0	4,612,791
Total Expenditures	72,538,520	1,087,569	242,806	0	0	73,868,895
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,390,612	(1,038,101)	(210,270)	0	0	142,241
OTHER FINANCING SOURCES (USES)						
Bond Proceeds	0	0	0	0	0	0
Payment to Bond Refunding Escrow Agent	0	0	0	0	0	0
Interfund Transfers	0	0	1,000,000	0	0	1,000,000
Refunds of Prior Year Receipts	0	0	0	0	0	0
Operating Transfers Out	(1,000,000)	0	0	0	0	(1,000,000)
Proceeds of Long-Term Debt	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	(1,000,000)	0	1,000,000	0	0	0
Net Change in Fund Balances	390,612	(1,038,101)	789,730	0	0	142,241
FUND BALANCE - JULY 1, 2022	7,972,899	2,125,906	1,077,998	0	0	11,176,803
FUND BALANCE - JUNE 30, 2023	\$ 8,363,511	\$ 1,087,805	\$ 1,867,728	\$ 0	\$ 0	\$ 11,319,044

The accompanying notes are an integral part of these financial statements.

CONEWAGO VALLEY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 142,241

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount which capital outlays exceeds depreciation for the period.

Depreciation Expense	\$ (5,319,654)	
Capital Outlays	<u>1,385,693</u>	(3,933,961)

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 increased by this amount this year. 45,453

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 3,003,000

Bond Interest Expenses are recorded in the statement of activities, but not recorded as expenses in the governmental funds. -

Interest on serial bonds is recorded in the governmental funds when paid, but the statement of activities records interest expense as it is incurred. Accrued interest increased by this amount this year. 17,810

Bond Issue Expenses are recorded as expenses in the statement of activities, but not recorded as expenses in the governmental funds. -

Bond discount amortizations are recorded as expenditures in the governmental funds but are recorded as long-term assets in the statement of net position and amortized over the term of the bonds. (26,376)

Bond premium amortizations are recorded as revenue in the governmental funds but is recorded as a long-term liability in the statement of net position and amortized over the term of the bonds. 69,672

Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension related benefits earned net of employee contributions is reported as pension expense. -

District pension contributions		10,646,762
Cost of pension benefits earned, net of employee contributions		(5,585,184)

OPEB expense is recorded on the Government-Wide Financial Statements but is not recorded as an expense in Governmental Funds. 240,078

Right to use leased assets capital outlay expenditures which were capitalized		584,764
Accumulated amortization		(584,764)

Bond Proceeds recorded as revenue in the governmental funds, but the proceeds increases long-term liabilities in the statement of net assets. -

Accrued compensated absences are not recorded as expenditures in compensated absences increased (decreased) by this amount this year. (90,939)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 4,528,556

The accompanying notes are an integral part of these financial statements.

CONEWAGO VALLEY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2023

	Food Service Fund
ASSETS	
Current Assets:	
Cash	\$ 1,842,613
Due from Other Funds	151,028
Due from Other Governments	0
Other Receivables	314
Inventories	53,768
Total Current Assets	2,047,723
Noncurrent Assets	
Machinery and Equipment (Net)	277,751
Total Assets	\$ 2,325,474
LIABILITIES	
Current Liabilities:	
Due to Other Funds	\$ 4
Accounts Payable	2,646
Accrued Salaries and Benefits	124
Deferred Revenues	51,678
Other Current Liabilities	0
Total Current Liabilities	54,452
Noncurrent Liabilities	
Long Term Portion of Compensated Absences	30,859
Total Noncurrent Liabilities	30,859
Total Liabilities	85,311
NET POSITION	
Unrestricted	2,240,163
Total Liabilities and Net Position	\$ 2,325,474

The accompanying notes are an integral part of these financial statements.

CONEWAGO VALLEY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION
PROPRIETARY FUND
JUNE 30, 2023

	Food Service Fund
OPERATING REVENUES:	
Food Service Revenue	\$ 724,074
Other Operating Revenues	0
	724,074
Total Operating Revenues	724,074
OPERATING EXPENSES:	
Salaries	711,074
Employee Benefits	435,788
Purchased Professional and Technical Service	411
Purchased Property Service	17,304
Other Purchased Service	148
Supplies	1,064,493
Depreciation	6,000
Dues and Fees	0
Other Operating Expenditures	21,219
	2,256,437
Total Operating Expenses	2,256,437
Operating Income (Loss)	(1,532,363)
NON-OPERATING REVENUES (EXPENSES):	
Earnings on Investments	66,983
Contributions and Donations	0
State Sources	329,949
Federal Sources	1,601,077
Refunds of Prior Year Expenditures	581
	1,998,590
Total Non-Operating Revenue (Expense)	1,998,590
Change in Net Position	466,227
TOTAL NET POSITION - JULY 1, 2022	1,773,936
Prior Period Adjustment	0
TOTAL NET POSITION - JUNE 30, 2023	\$ 2,240,163

The accompanying notes are an integral part of these financial statements.

CONEWAGO VALLEY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
JUNE 30, 2023

Cash Flows From Operating Activities		
Cash Received from User Charges	\$ 638,528	
Cash Payments to Employees for Services	(1,145,791)	
Cash Payments to Suppliers for Goods and Services	(1,134,961)	
Net Cash Provided by (Used for) Operating Activities		\$ (1,642,224)
Cash Flows From Non-Capital Financing Activities		
Grants and Subsidies received for Non-Operating Activities:		
Local Sources	0	
State Sources	329,949	
Federal Sources	1,601,077	
Refunds of Prior Year Expenditures	581	
Net Cash Provided by (Used for) Non-Capital Financing Activities		1,931,607
Cash Flows From Capital and Related Financing Activities		
Facilities Acquisition/Construction/Improvements	(128,434)	
Net Cash Provided by (Used for) Capital and Related Financing Activities		(128,434)
Cash Flows From Investing Activities		
Earnings on Investments		66,983
Net Increase in Cash		227,932
Cash - Beginning of Year		1,614,681
Cash - End of Year		\$ 1,842,613
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:		
Operating Income (Loss)		\$ (1,532,363)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation		6,000
(Increase) Decrease in Inventory		1,589
(Increase) Decrease in Accounts Receivable		(314)
(Increase) Decrease in Advances to Other Funds		(35,624)
(Increase) Decrease in Intergovernmental Receivables		0
(Increase) Decrease in Other Current Assets		0
Increase (Decrease) in Accounts Payable		2,645
Increase (Decrease) in Advances from Other Funds		4
Increase (Decrease) in Deferred Revenue		(85,232)
Increase (Decrease) in Other Current Liabilities		0
Increase (Decrease) in Other Long-term Liabilities		2,399
Increase (Decrease) in Interfund Payables		0
Increase (Decrease) in Accrued Salaries & Benefits		(1,328)
Increase (Decrease) in Accumulated Compensated Absences		0
Total Adjustments		(109,861)
Net Cash Used in Operating Activities		\$ (1,642,224)

The accompanying notes are an integral part of these financial statements.

CONEWAGO VALLEY SCHOOL DISTRICT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023

	Student Activities	Private Purpose Trust
ASSETS		
Cash and Cash Equivalents	\$ 221,031	\$ 274,397
Due from Other Funds	0	0
TOTAL ASSETS	221,031	274,397
LIABILITIES		
Accounts Payable	221,031	0
Due to Other Funds	0	0
Other Current Liabilities	0	0
TOTAL LIABILITIES	221,031	0
NET POSITION		
Restricted	0	274,397
TOTAL LIABILITIES AND NET POSITION	\$ 221,031	\$ 274,397

The accompanying notes are an integral part of these financial statements.

CONEWAGO VALLEY SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Student Activities	Private Purpose Trust
ADDITIONS		
Gifts and Contributions	\$ 0	\$ 9,839
Receipts from Student Groups	287,339	
Interest Earnings	8,778	0
Total Additions	296,117	9,839
DEDUCTIONS		
Student Activity Disbursements	345,202	
Scholarships	0	9,000
Total Deductions	345,202	9,000
CHANGES IN NET POSITION	(49,085)	839
NET POSITION - JULY 1, 2022	270,116	273,558
NET POSITION - JUNE 30, 2023	\$ 221,031	\$ 274,397

The accompanying notes are an integral part of these financial statements.

CONEWAGO VALLEY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in accordance with the accounting system and procedures prescribed for school districts by the Commonwealth of Pennsylvania, Department of Education, which conforms to generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant policies.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments. Certain of the significant changes in the Statement include the following:

The GASB No. 34 financial statements include:

A Management's Discussion and Analysis (MD & A) providing an analysis of the District's overall financial position and results of operations.

Financial statements prepared using full-accrual accounting for all of the District's activities.

A change in the fund financial statements to focus on the major funds.

These changes are reflected in the accompanying financial statements (including notes to financial statements).

A. REPORTING ENTITY

Conewago Valley School District is a third class Pennsylvania School District based on its population encompassing all or portions of eleven municipalities.

The Conewago Valley School District School Board is the basic level of government which has oversight responsibility and control over all activities related to the public school education in the Conewago Valley School District. The District receives funding from local, state, and federal government sources and must comply with their accompanying requirements. However, the Board is not included in any other governmental "reporting entity" as defined by the GASB Pronouncement, since Board members are elected by the public and have decision-making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined in Governmental Accounting Standards Board Statement 14 which are included in the District's reporting entity.

The reporting entity for Conewago Valley School District consists only of those funds, functions, and activities controlled by the School Board and required or allowed by State laws and regulations.

The financial statements of the School District include all funds and activities that are controlled by or dependent on the School District. Control or dependence is determined on the basis of budget adoption, taxing authority, and appointment of advisors.

CONEWAGO VALLEY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. REPORTING ENTITY (CONTINUED)

The District has evaluated its relationship with the Conewago Township School Authority and determined it is a component unit. The District appoints a majority of the Authority's governing body and is obligated for the debt of the Authority. The Authority is still in existence, although dormant, and all District related debt and capital assets constructed previously would be included in the statement of net assets.

B. FUND ACCOUNTING

The accounts of the Conewago Valley School District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report as follows:

GOVERNMENTAL FUNDS

GENERAL FUND - The General Fund is the operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

SPECIAL REVENUE FUNDS - Special Revenue Funds are used to account for the proceeds of special revenue sources that are legally restricted to expenditures for specific purposes.

CAPITAL PROJECT FUNDS - Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. The Capital Reserve Fund is a Capital Project Fund.

PROPRIETARY FUNDS

ENTERPRISE FUNDS - Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - when the intent of governing body is that costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges. The Food Service Fund is a Modified Enterprise Fund because most food service funds in Pennsylvania's Public School System depend on support from the General Fund of the District as well as state and federal subsidization in order to operate.

FIDUCIARY FUNDS

TRUST & AGENCY FUNDS - Agency Funds are used to account for assets held by the District as an agent for school organizations or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Activities Fund and the Trust Funds are Agency Funds.

CONEWAGO VALLEY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BASIS OF PRESENTATION

Government-Wide Financial Statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the school district. As a general rule the effect of interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support.

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

Fund Financial Statements are also provided in the report for all of the governmental funds, proprietary funds, and the fiduciary funds of the school district. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statement. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the school district's enterprise fund are food service charges. Operating expenses for the school district's enterprise fund include food production costs, supplies, administrative costs, and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District reports the following major governmental funds:

The general fund is the district's primary operating fund. It accounts for all financial resources except those required to be in another fund.

The capital project fund accounts for financial resources to be used for the acquisition or construction of major capital facilities.

CONEWAGO VALLEY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenues to be available if collected within 60 days of the end of the fiscal period. Revenue from federal, state, and other grants designated for payment of specific school district expenditures is recognized when the related expenditures are incurred; when such funds are received, they are recorded as deferred revenues until earned. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

E. INVENTORY

Inventory in the General Fund is recorded as an expenditure at the time of purchase.

Inventory in the Proprietary Fund is valued at cost, except government donated food is priced at fair market value at date of receipt.

F. CASH AND CASH EQUIVALENTS

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

G. RECEIVABLES AND PAYABLES

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

CONEWAGO VALLEY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. PREPAID EXPENSES

In both government-wide and fund financial statements, prepaid expenses are recorded as assets in the specific governmental fund in which future benefits will be derived.

I. POLICY FOR CAPITALIZING ASSETS AND ESTIMATING USEFUL LIVES - GOVERNMENT-WIDE FINANCIAL STATEMENTS

The School District reports capital assets at historical cost or estimated historical cost. Capital assets include land, improvements, easements, buildings, building improvements, vehicles, machinery, equipment, infrastructure and all other tangible or intangible assets that are used in operation and that have useful lives extending beyond a single reporting period. The School District's policy is to capitalize assets, or groups of assets with costs in excess \$5,000. Estimated depreciation expense is calculated using the straight-line method over the useful lives of capital assets ranging from 5 to 50 years.

J. ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. Bonds are recognized as a liability on the fund financial statements when due.

K. NET POSITION

Net Position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for acquisition, construction or improvement of those assets.

L. USE OF ESTIMATES

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

CONEWAGO VALLEY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. PROGRAM REVENUES - GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Activities reports three categories of program revenues: (a) charges for services, (b) program specific operating grants and contributions and (c) program specific capital grants and contributions. Program revenues derive directly from the program itself or from parties outside the reporting government's taxpayers or citizenry. As a whole, they reduce the net cost of the function to be financed from the government's general revenues.

N. NEW ACCOUNTING PRONOUNCEMENT ADOPTED:

GASB Statement No. 87, Lease Accounting - As of July 1, 2021, the School District adopted GASB Statement No. 87, Lease Accounting . This Statement increases the usefulness of governments' financial statements by requiring recognition of certain leased assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

NOTE 2 - PROPERTY TAXES

The School District levies property taxes on July 1, for the ensuing fiscal year ending June 30. Taxes paid by August 31, receive a 2% discount. Taxes paid after October 31, are assessed a 10% penalty. Any taxes not received by April 30, are turned over to Adams County Tax Claim Bureau for collection. Interim taxes are assessed at various times during the year as needed.

Taxes receivable as reported on the Governmental Fund balance sheet represents unpaid property taxes outstanding at June 30, 2023. Taxes receivable not deemed available under generally accepted accounting principles are included in deferred revenues. Since all property taxes are presumably collectible, no provision for uncollectible taxes has been made.

NOTE 3 - CASH AND INVESTMENTS

Cash and Investments are stated at cost, which approximates market. Cash includes certificates of deposit with maturities of three months or less. Statutes authorize the School District to invest in obligations of the U.S. Treasury, agencies, and instrumentalities and state treasurer's investment pools. The School District's cash and investments are categorized to give an indication of the level of risk assumed by the School District at year-end.

The risk categories for cash are:

Category 1 - Deposits which are insured or collateralized with securities held by the District or its agent in the District's name.

Category 2 - Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.

Category 3 - Deposits which are uncollateralized, including any bank balance that is collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the District's name.

CONEWAGO VALLEY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

The risk categories for investments are:

Category 1 - Investments that are insured or registered for which securities are held by the District or its agent in the District's name.

Category 2 - Uninsured and unregistered investments for which securities are held by a broker's or dealer's trust department or agent in the District's name.

Category 3 - Uninsured and unregistered investments for which the securities are held by the broker or dealer or by its trust department or agent but not in the District's name.

Cash

Cash on hand amounted to \$475 at June 30, 2023.

At year-end, the carrying amount of the School District's cash (checking, savings and certificates of deposit with maturities of three months or less) was \$15,508,784 and the bank balance was \$19,215,599.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2023, \$18,965,599 of the District's bank balance of \$19,215,599 was exposed to custodial credit risk as:

Uninsured and Uncollateralized	\$ 0
Collateralized with securities held by the pledging financial institution	18,965,599
Uninsured and collateral held by the pledging bank's trust department not in the District's name	0
	<u>\$ 18,965,599</u>

Reconciliation to Financial Statements:

Collateralized with securities held by the pledging financial institution	\$ 18,965,599
Plus: Insured Amount	250,000
Add: Deposit in Transit	3,092,261
Less: Outstanding Checks	(3,802,583)
Carrying Amount - Bank Balances	<u>18,505,277</u>
Plus: Petty Cash	475
Total Cash per Financial Statements	<u><u>\$ 18,505,752</u></u>

Cash Summary per Respective Funds:

Statement of Net Position - Cash - Governmental Funds	\$ 16,167,711
Statement of Net Position - Cash - Proprietary Funds	1,842,613
Statement of Net Position - Cash - Fiduciary Funds	495,428
Total Cash per Financial Statements	<u><u>\$ 18,505,752</u></u>

CONEWAGO VALLEY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4 - PROPERTY, PLANT AND EQUIPMENT

A summary of property, plant and equipment of the enterprise fund as of June 30, 2023 is as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Ending</u> <u>Balance</u>
Machinery and Equipment	\$ 630,666	\$ 128,435	\$ 759,101
Accumulated Depreciation			(481,350)
Net Property, Plant and Equipment			<u>\$ 277,751</u>

NOTE 5 - SUBSEQUENT EVENTS

Management of the District has evaluated subsequent events through the date of the audit report. No subsequent events were noted.

NOTE 6 - CONTINGENCIES

The District is from time to time subject to routine litigation incidental to School District Activities. While the final resolution of any matter may have an impact on the District's financial results for a particular reporting period, the District believes the ultimate disposition of any such litigation would not have a materially adverse effect upon the financial position of the District.

CONEWAGO VALLEY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2023:

	<u>G.O. BONDS SERIES OF 2013A</u>	<u>G.O. BONDS SERIES OF 2014</u>	<u>G.O. BONDS SERIES OF 2015</u>	<u>G.O. BONDS SERIES OF 2015A</u>	<u>G.O. BONDS SERIES OF 2016</u>	<u>G.O. BONDS SERIES OF 2017</u>
Balance - July 1, 2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,950,000
Additions	-	-	-	-	-	-
Refunded	-	-	-	-	-	-
Principal Repayments/ Amortization	0	0	0	0	0	(370,000)
Balance - June 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,580,000</u>

continued -	<u>G.O. BONDS SERIES OF 2018</u>	<u>G.O. BONDS SERIES OF 2019</u>	<u>G.O. BONDS SERIES OF 2020</u>	<u>G.O. BONDS SERIES OF 2021</u>	<u>TOTAL</u>
Balance - July 1, 2022	\$ 9,930,000	\$ 4,710,000	\$ 9,515,000	\$ 7,287,000	\$ 41,392,000
Additions	-	-	-	-	-
Refunded	-	-	-	-	0
Principal Repayments/ Amortization	(320,000)	(5,000)	(35,000)	(2,273,000)	(3,003,000)
Balance - June 30, 2023	<u>\$ 9,610,000</u>	<u>\$ 4,705,000</u>	<u>\$ 9,480,000</u>	<u>\$ 5,014,000</u>	<u>\$ 38,389,000</u>

CONEWAGO VALLEY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 - LONG-TERM DEBT (CONTINUED)

The General Obligation Bonds of 2017 bear interest rates ranging from 1.55% to 2.90% and mature at various dates until final maturity in 2038.

The General Obligation Bonds of 2018 bear interest rates ranging from 2.15% to 3.50% and mature at various dates until final maturity in 2038.

The General Obligation Bonds of 2019 bear interest rates ranging from 4.00% to 5.00% and mature at various dates until final maturity in 2040.

The General Obligation Bonds of 2020 bear interest rates ranging from 1.00% to 5.00% and mature at various dates until final maturity in 2031.

The General Obligation Bonds of 2021 bear interest rates ranging from 1.01% to 1.01% and mature at various dates until final maturity in 2032.

The combined aggregate amount of maturities and sinking fund requirements for long-term debt is as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	2,691,000	959,137	3,650,137
2025	2,719,000	899,124	3,618,124
2026	2,801,000	816,253	3,617,253
2027	2,871,000	746,521	3,617,521
2028	2,918,000	700,004	3,618,004
2029-2033	12,964,000	2,740,076	15,704,076
2034-2038	10,590,000	1,029,780	11,619,780
2039-2040	835,000	33,700	868,700
Totals	<u>\$ 38,389,000</u>	<u>\$ 7,924,595</u>	<u>\$ 46,313,595</u>

The School District incurred \$1,548,685 interest expense for the year ended June 30, 2023.

The Bonds are general obligations of Conewago Valley School District, Adams County, Pennsylvania (the "School District") payable from its tax and other general revenues. The School District has covenanted that it will provide in its budget in each year, and will appropriate from its general revenues in each year, the amount of the debt service on the Bonds for such year and will duly and punctually pay or cause to be paid from the sinking fund established under the Resolution or any other of its revenues or funds the principal of every Bond and the interest thereon on the dates, at the place and in the manner stated in the Bonds, and for such budgeting, appropriation and payment the School District irrevocably has pledged its full faith, credit and taxing power, which taxing power presently includes the power to levy taxes on all taxable real property with the School District presently unlimited as to rate or amount for such purpose.

CONEWAGO VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE - 8 - PENSION PLAN

1. Summary of Significant Accounting Policies

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.

General Information about the Pension Plan

Plan Description

PSERS is a governmental cost-sharing multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System included all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues 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 of credited service; (b) age 60 with 30 or more years of credited service; or 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the members' 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.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the members' 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 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

CONEWAGO VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE - 8 - PENSION PLAN (CONTINUED)

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:

Active members who joined the System prior to July 22, 1983, contribute at 5.25% (Membership Class T - C) or at 6.5% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System on or after July 22, 1983, and who are active or inactive as of July 1, 2001, contribute at 6.25% (Membership Class T-C) or at 7.5% (Membership Class T-D) of the member's qualifying compensation.

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

Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the members qualifying compensation. All new hires after June 30, 2011, who elect Class T - F membership, contribute at 10.3% (base rate) of the members qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

Members who joined the System on or after July 1, 2019, contribute according to Membership Class T-G - 5.50% base rate with shared risk provision and 2.75% direct contribution rate, T-H - 4.50% base rate with shared risk provision and 3.00% direct contribution rate. Code DC has only a direct contribution rate of 7.50%.

Employer Contributions:

The school districts' contractually required contribution rate for fiscal year ended June 30, 2023 was 34.31% 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 \$10,646,762 for the year ended June 30, 2023.

2. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions

At June 30, 2023 the School reported a liability of \$83,227,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2021 to June 30, 2022. The School's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it related to the total one-year reported covered payroll. At June 30, 2023, the School's proportion was .1872%, which was an increase of .0019 from its proportion measured as of June 30, 2022 which was .1853%.

CONEWAGO VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE - 8 - PENSION PLAN (CONTINUED)

For the year ended June 30, 2023, the District recognized pension expense of \$5,998,000. At June 30, 2023, the School 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	38,000	720,000
Net difference between projected and actual investment earnings	-	1,412,000
Changes in proportions	753,000	155,000
Changes in assumptions	2,485,000	-
Difference between employer contributions and proportionate share of total contributions	-	-
Contributions subsequent to the measurement date	1,316,060	-
	<u>10,646,762</u>	<u>-</u>
	15,238,822	2,287,000

\$10,646,762 reported as deferred outflows of resources related to pensions resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2024	404,000
2025	564,000
2026	(1,949,000)
2027	1,971,000

Actuarial assumptions

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

Changes in assumptions used in measurement of the Total Pension Liability beginning June 30, 2022.

The Investment Rate of Return was 7.00%, includes inflation of 2.75%.

Salary growth changed from an effective average of 4.50%, which comprised of inflation of 2.50%, and 2.00% for real wage growth and for merit or seniority increases.

CONEWAGO VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE - 8 - PENSION PLAN (CONTINUED)

Demographic and economic assumptions approved by the Board for use effective with the June 30, 2022 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 Scales.

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 the 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%
Fixed Income	33.0%	2.3%
Commodities	9.0%	2.3%
Absolute return	6.0%	3.5%
Infrastructure/MLPs	9.0%	5.4%
Real estate	11.0%	4.6%
Cash	3.0%	0.5%
Private equity	12.0%	8.0%
Financing Leverage	-11.0%	0.5%
	<u>100%</u>	

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

Sensitivity of the School's Proportionate share of the net pension liability to changes in the discount rate

The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage

CONEWAGO VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE - 8 - PENSION PLAN (CONTINUED)

Discount rate

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

Sensitivity of the School's Proportionate share of the net pension liability to changes in the discount rate

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
School's proportionate share of the net pension liability	107,648,000	83,227,000	62,637,000

Pension plan fiduciary net position

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

CONEWAGO VALLEY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9 - COMPENSATED ABSENCES

Contractual provisions with Instructional General Fund employees require that in the year of retirement or demise the employee is entitled to receive an amount computed by multiplying the number of such employee's unused accumulated sick days up to a maximum of 200 such days by \$40. Contractual provisions also require that each employee shall be granted three school days of personal leave of absence per year without loss of pay. A maximum of five days of personal leave may be accumulated and if accumulated, may be used or redeemed for a payment of \$100 per day. Instructional service pay as of June 30, 2023 totals \$558,561 and is recorded on the Statement of Net Position Government Wide Statements. Also, unused vacation pay accumulated at June 30, 2023 for General Fund employees totaled \$305,100 and is recorded on the Statement of Net Position Government Wide Statements.

Likewise, Food Service Fund employees' accumulated unpaid sick leave and vacation totaled \$20,708 and \$10,151 respectively and is recorded in the Food Service Fund.

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS

Each retired qualifying employee will be able to continue hospitalization and major medical insurance benefits provided in the collective bargaining agreement and all subsequent agreements until the employee attains the age of sixty-five. The District will pay 40% of the premium cost of individual coverage for the retired employee's medical coverage under the District's medical plan. To qualify, the employee must meet the following three requirements:

- 1 Be eligible for retirement through the Public School Employees Retirement System.
- 2 Be between the ages of 55-65 or have 30 or more years of credit in the retirement system.
- 3 Continue enrollment and payment of remaining premium within established grace periods.

At such time that comparable group health insurance becomes available through any means other than the District, the option to continue coverage through this provision no longer exists.

The District finances their share of the medical insurance with current revenues. The District expended \$131,830 during the year ended June 30, 2023 for their share of the medical insurance for twenty-five participants.

CONEWAGO VALLEY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11 - PUBLIC ENTITY RISK POOL

The District participates in a public entity risk pool to manage those risks associated with workers' compensation. The District's responsibilities in the pool include the payment of all annual and supplementary payments in amounts established by the pool in accordance with the trust agreement as well as other responsibilities similar to those of commercial insurance. The pool agrees to administer the operation of the consortium including paying workers' compensation benefits, asset administration, establishment of an ongoing safety program and other similar services designed to reduce the District's overall workers' compensation costs.

NOTE 12 - INTERFUND ACCOUNTS RECEIVABLE AND PAYABLE

At June 30, 2023, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Interfund	
	Receivables	Payables
General Fund	\$ 4	\$ 1,151,028
Enterprise Fund	151,028	4
Construction Fund	0	0
Trust	0	0
Capital Reserve Fund	1,000,000	0
Total	\$ 1,151,032	\$ 1,151,032

CONEWAGO VALLEY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 13 - FUND BALANCE RESERVES

Specific fund balance reserves at June 30, 2023 were as follows:

	<u>Specific</u>
General Fund:	
Designated for Health Care	\$ 1,851,850
Designated for Technology Acquisition	900,486
Designated for Act 77	0
Designated for Roof Work	1,080,314
Designated for Athletic Field	564,148
Designated for Retirement	990,180
Designated for Debt Payment	<u>2,590,612</u>
Total - General Fund	<u>\$ 7,977,590</u>

NOTE 14 - CAPITAL ASSETS

Set forth below is a summary of activity of capital assets reported in the statement of net assets:

	<u>Balance July 1 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30 2023</u>
Land and Site Improvements	\$ 4,928,597	\$ 50,089	\$ 0	\$ 4,978,686
Building and Building Improvements	89,738,368	1,196,717	0	90,935,085
Vehicles	265,359	97,404	0	362,763
Machinery and Equipment	6,971,880	41,483	0	7,013,363
Library and Textbooks	1,143,098	0	0	1,143,098
Construction in Progress	<u>385,421</u>	<u>0</u>	<u>0</u>	<u>385,421</u>
Totals	<u>\$ 103,432,723</u>	<u>\$ 1,385,693</u>	<u>\$ 0</u>	<u>\$ 104,818,416</u>

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Value</u>
Land and Site Improvements	\$ 4,978,686	\$ 2,447,936	\$ 2,530,750
Building and Building Improvements	90,935,085	33,947,883	56,987,202
Vehicles	362,763	281,449	81,314
Machinery and Equipment	7,013,363	5,798,619	1,214,744
Library and Textbooks	1,143,098	1,143,098	0
Construction in Progress	<u>385,421</u>	<u>0</u>	<u>385,421</u>
Totals	<u>\$ 104,818,416</u>	<u>\$ 43,618,985</u>	<u>\$ 61,199,431</u>

CONEWAGO VALLEY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 14 - CAPITAL ASSETS (CONTINUED)

Current depreciation expense totaled \$5,319,654 and is charged to each of the functions in the statement of activities as follows:

Instructional	\$ 721,113
Instructional Student Support	58,350
Administrative and Financial	
Support Services	383
Operation and Maintenance of	
Plant Services	4,482,820
Pupil Transportation	1,040
Student Activities	<u>55,948</u>
Total	<u>\$ 5,319,654</u>

NOTE 15 - GASB #54 FUND BALANCE IMPLEMENTATION

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the District classifies governmental fund balances as follows:

Non-spendable - include fund balance amounts that cannot be spent either because it not in spendable form or because of legal or contractual constraints.

Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year end.

Capital Expenditures	<u>\$ 1,867,728</u>
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Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Business Manager.

Health Care	\$ 1,851,850
Technology Acquisition	900,486
Act 77	0
Roof Work	1,080,314
Athletic Field	564,148
Retirement	990,180
Debt Payment	2,590,612
Construction Fund	1,087,805
Total Assigned Fund Balances:	<u>\$ 9,065,395</u>

Unassigned includes positive fund balance within the general fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds. The amount of the unassigned fund balance for Conewago Valley School District is \$385,921 for the year ending June 30, 2023.

CONEWAGO VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - POSTEMPLOYMENT BENEFITS PLAN

The Conewago Valley School District Postemployment Benefits plan is administered by Blue Cross. This Trust is a cost-sharing multiple-employer plan which issues its own financial report.

Summary of Plan Provisions:

<u>Group</u>	<u>Eligibility</u>	<u>Coverage and Premium Sharing</u>	<u>Duration</u>												
Administrators: Former Super- intendents/ Asst. Superintendents	Based upon individual contracts	Coverage and premium sharing: based upon individual contracts	Based upon individual contracts												
Grandfathered Department Chairpersons	No additional requirements	Coverage: Medical, prescription drug, dental, and vision Premium Sharing: The Retiree pays 60% of medical, prescription, drug, and vision premiums. Retiree may continue dental coverage by paying 100% of premiums. Spousal Coverage: Available if fully paid by Retiree. If Retiree dies, Spouse can continue medical, prescripton drug, and vision coverage until Spouse Medicare eligibility by paying the full premiums.	Retiree is covered until Medicare eligibility. Spouse is covered until earlier of Medicare eligibility and Retiree Medicare eligibility.												
All Other Administrators	No additional requirements	Coverage: Medical, prescription drug, dental and vision Premium sharing: District pays per- centage of rate of medical, prescription drug, and vision premiums, which varies by years of service with CVSD, and Retiree pays remainder of the premiums. With less than 15 years of District service, District pays percentage of the single rate. Otherwise, District pays percentage of the rate for the selected tier of coverage. Retiree may continue dental coverage by paying 100% of the premiums. <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;"><u>Yrs of Service w/ District</u></th> <th style="text-align: right;"><u>Percentage of Family Rate</u></th> </tr> </thead> <tbody> <tr> <td>1 to 4 yrs</td> <td style="text-align: right;">40%</td> </tr> <tr> <td>5 to 9 yrs</td> <td style="text-align: right;">45%</td> </tr> <tr> <td>10 to 14 yrs</td> <td style="text-align: right;">50%</td> </tr> <tr> <td>15 to 19 yrs</td> <td style="text-align: right;">55%</td> </tr> <tr> <td>20 or more yrs</td> <td style="text-align: right;">60%</td> </tr> </tbody> </table> Spouse coverage: Available if remainder paid by Retiree. If Retiree dies, Spouse can continue medical, prescription drug, and vision coverage until Spouse Medi- care eligibility by paying the full premiums. Grandfathered Retiree: For some Retirees, the Retiree pays 60% of the single premium similar to the teacher benefit.	<u>Yrs of Service w/ District</u>	<u>Percentage of Family Rate</u>	1 to 4 yrs	40%	5 to 9 yrs	45%	10 to 14 yrs	50%	15 to 19 yrs	55%	20 or more yrs	60%	Retiree is covered until Medicare eligibility. Spouse is covered until earlier of Medicare eligibility and Retiree Medicare eligibility.
<u>Yrs of Service w/ District</u>	<u>Percentage of Family Rate</u>														
1 to 4 yrs	40%														
5 to 9 yrs	45%														
10 to 14 yrs	50%														
15 to 19 yrs	55%														
20 or more yrs	60%														

CONEWAGO VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

Summary of Plan Provisions:

<u>Group</u>	<u>Eligibility</u>	<u>Coverage and Premium Sharing</u>	<u>Duration</u>
Teachers/Faculty: Retired Under 2013 Retirement Incentive	N/A-Already Retired	Coverage: Medical, Prescription Drug, Dental and Vision	Retiree is covered until Medicare eligibility.
		Premium sharing: Retiree pays 25% of medical, prescription drug, and vision premiums. Retiree may continue dental coverage by paying 100% of the premiums.	Spouse is covered until earlier of Medicare eligibility and Retiree Medicare eligibility.
		Spousal coverage: Available if fully paid by Retiree. If Retiree dies, Spouse can continue medical, prescription drug, and vision coverage until Spouse Medicare eligibility by paying the full premiums.	
All Other Teachers/Faculty	PSERS Retirement	Coverage: Medical, Prescription Drug, Dental and Vision	Retiree is covered until Medicare eligibility
		Premium sharing: If eligible for super- annuation retirement through PSERS and either has at least 25 yrs of service with CVSD or was employed with CVSD as of 6/30/2010, the Retiree pays 60% of Medical, Prescription Drug, and Vision premium. If not eligible for subsidy, the Retiree may continue coverage by pro- viding payment equal to the premium determined for the purpose of COBRA. Retiree may continue Dental coverage by paying 100% of premium.	Spouse is covered until earlier of Medicare eligibility and Retiree Medicare eligibility. Spouse coverage ceases at Retiree death if Retiree was not eligible for the District subsidized benefit.
		Spousal coverage: Available if fully paid by Retiree. If Retiree dies and was eligible for the District subsidized benefit, Spouse can continue medical, prescription drug, and vision coverage until Spouse Medicare eligibility by paying the full premiums.	
		Professional staff retiring from CVSD during the 2011-2012 school year or later under the current contract will not be subject to the requirement of superannuation retirement in order to be eligible for the district subsidized benefit.	
Support Staff	PSERS Retirement	Coverage and premium sharing: Retired employees are allowed to continue coverage for themselves and their dependents in the employer's group health plan until the retired employee reaches Medicare age. In order to obtain coverage, retired employees must provide payment equal to the premium determined for the purpose of COBRA.	Retiree is covered until Medicare eligibility Spouse is covered until earliest of Medicare eligibility, Retiree Medicare eligibility, and Retiree death.

CONEWAGO VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

Actuarial Assumptions and Methods

Interest Rate

4.06%

Salary

An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of a 2.5% cost of living adjustment, 1.5% real wage growth, and for teachers and administrators a merit increase which varies by age from 2.75% to 0%.

Withdrawal

Rates of withdrawal vary by age, gender and years of service. Sample rates for employees with more than 10 years of service are shown below. Rates for new employees start at 25.93% for both men and 27.46% for women and decrease with age and service.

Age	Male Rate	Female Rate	Age	Male Rate	Female Rate
25	4.5500%	3.9000%	45	1.4100%	1.6000%
30	4.5500%	3.9000%	50	1.8900%	2.0800%
35	1.6800%	2.8300%	55	3.6300%	3.6600%
40	1.4200%	1.6700%	60	5.4900%	5.9400%

Mortality

PubT-2010 headcount-weighted mortality table including rates for contingent survivors for teachers.
 PubG-2010 headcount-weighted mortality table including rates for contingent survivors for all other employees.

Disability

No disability was assumed.

Retirement

Assumed retirement rates are based on PSERS plan experience and vary by age, service and gender.

Special Early Retirement			TC & TD Superannuation		TE,TF,TG & TH Superannuation	
Age	Male	Female	Male	Female	Male	Female
55	14.5%	14.5%	25.0%	16.0%	16.3%	19.5%
56	14.5%	14.5%	25.0%	20.0%	16.3%	19.5%
57	14.5%	15.0%	28.0%	28.0%	16.3%	19.5%
58	14.5%	15.0%	28.0%	30.0%	16.3%	19.5%
59	21.6%	20.7%	28.0%	30.0%	16.3%	19.5%
60	14.5%	15.0%	29.0%	31.0%	16.3%	19.5%
61	29.0%	29.0%	29.0%	31.0%	16.3%	19.5%
62	29.0%	29.0%	36.0%	31.0%	16.3%	19.5%
63	29.0%	29.0%	21.0%	20.0%	16.3%	19.5%

CONEWAGO VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

<u>Special Early Retirement</u>			<u>TC & TD Superannuation</u>		<u>TE,TF,TG & TH Superannuation</u>	
<u>Age</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
64	29.0%	29.0%	22.0%	25.0%	16.3%	19.5%
65	29.0%	29.0%	23.0%	28.0%	16.3%	19.5%
66	29.0%	29.0%	23.0%	27.0%	16.3%	19.5%
67	29.0%	29.0%	20.0%	23.0%	16.3%	19.5%
68	29.0%	29.0%	20.0%	22.0%	16.3%	19.5%
69	29.0%	29.0%	20.0%	23.0%	16.3%	19.5%
70	29.0%	29.0%	20.0%	23.0%	16.3%	19.5%
71-73	29.0%	29.0%	20.0%	20.0%	16.3%	19.5%
74-79	29.0%	29.0%	25.0%	25.0%	16.3%	19.5%
80+	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Percent of Eligible retirees Electing Coverage in Plan

100% of employees eligible for enhanced benefits are assumed to elect coverage. 50% of employees eligible for Act 110/43 benefits are assumed to elect coverage. It is assumed that Professional Staff must reach superannuation in order to receive enhanced benefits, regardless of retirement date.

Percent married at Retirement

25% of employees are assumed to be married and have a spouse covered by the plan at retirement.

Spouse Age

Wives are assumed to be two years younger than their husbands.

Per Capita Claims Cost

Making use of weighted averages for various plan designs, per capita claims cost for medical and prescription drug is based on the expected portion of the group's overall cost attributed to individuals in the specified age and gender brackets. Dental & vision costs are assumed to not vary with age or gender. The resulting costs are as follows:

<u>Age</u>	<u>Medical and Prescription Drug Combined</u>	
	<u>Males</u>	<u>Females</u>
45-49	\$ 7,980	\$ 11,524
50-54	10,568	13,025
55-59	12,872	13,628
60-64	16,797	15,656

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.

CONEWAGO VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

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.

Plan Participant Information

Active Participants	345
Vested Former Participants	0
Retired Participants	27
Total	<u>372</u>

CONEWAGO VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

COST SHARING MULTIPLE- EMPLOYER DEFINED BENEFIT OPEB PLAN

1. Summary of Significant Accounting Policies

Other Postemployment Benefits

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the 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 are recognized when due and payable in accordance with the benefit term. Investments are reported at fair value.

General Information about the Health Insurance Premium Assistance Program

Health Insurance Premium Assistance Program

The System provides Premium Assistance which, is a governmental cost-sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2020 there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

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

- Have 24 1/2 or more years of service or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program.

Plan Description

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

CONEWAGO VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2021 there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions:

The school districts' 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 \$0 for the year ended June 30, 2023.

2. 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 \$3,444,000 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 the System's 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 related to the total one-year reported covered payroll. At June 30, 2023, the District's proportion was .1871 percent, which was an increase of .0019 from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the District recognized OPEB expense of \$109,000. 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	32,000	18,000
Net difference between projected and actual investment earnings	9,000	
Changes in proportions	58,000	23,000
Changes in assumptions	382,000	813,000
Contributions subsequent to the measurement date		
	<u>481,000</u>	<u>854,000</u>

CONEWAGO VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

\$ 0 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, 2023. 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	(79,000)
2025	(47,000)
2026	(69,000)
2027	(84,000)
2028	(93,000)
Thereafter	-

3. Actuarial Assumptions

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

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 4.09% - S & P 20 Year Municipal Bond Rate
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Mortality Tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Mortality 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 following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2021 determined the employer contribution rate for fiscal year 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: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality Tables for males and females, adjusted to reflect PSERS experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

CONEWAGO VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

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

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

<u>OPEB - Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	100.0%	0.5%
US Core Fixed Income	0.0%	0.0%
Non-US Developed Fixed	0.0%	0.0%
	<u>100.0%</u>	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2021.

Discount Rate

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

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2022, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2022, 93,293 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2022, 582 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

CONEWAGO VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the District's Proportionate share of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability, calculated using the discount rate of 4.09%, 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:

	1% Decrease 3.09%	Current Discount Rate 4.09%	1% Increase 5.09%
School's proportionate share of the net pension liability	3,895,000	3,444,000	3,067,000

Pension plan fiduciary net position

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

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 life insurance benefits to eligible retirees and their dependent. The School Board has the authority to establish and amend benefit provisions. The OPEB Plan does not issue any financial report and is not included in the report of any public employee retirement system.

Funding Policy

The District's contributions are funded on a pay-as-you go basis.

OPEB Liability

The District's change in its OPEB liability for the year ended June 30, 20223 was as follows

Balances as of July 1, 2022	6,028,449
Differences between expected and actual experience	591,737
Changes of assumptions	(1,387,824)
Changes of Benefit Terms	(289,915)
Service cost	405,274
Interest on total OPEB liability	142,589
Benefit payments	(331,924)
Other changes	-
Net Charges	(870,063)
Balances as of June 30, 2023	5,158,386

CONEWAGO VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	714,425	312,368
Net difference between projected and actual investment earnings		
Changes in proportions		
Changes in assumptions	492,489	1,640,997
Benefit payments subsequent to the Measurement Date	325,540	
	1,532,454	1,953,365

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30:</u>	
2024	(62,486)
2025	(62,486)
2026	(62,486)
2027	(62,486)
2028	(434,021)
Thereafter	(62,486)

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

The following presents the OPEB liability for June 30, 2022, calculated using current healthcare cost trends as well as what 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	4,558,725	5,158,386	5,870,590

Sensitivity of the OPEB Liability to Changes in the Discount Rate

The following presents the OPEB liability for June 30, 2022, calculated using the discount rate of 4.06%, as well as what OPEB liability would be if the discount rate were 1-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>
	3.06%	4.06%	5.06%
OPEB liability	5,596,154	5,158,386	4,747,441

CONEWAGO VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE - 18 - LEASE OBLIGATIONS - RIGHT TO USE ASSETS:

Conewago Valley School District has recorded leased assets as a result of implementing GASB # 87. The right to use assets are initially measured at an amount equal to the measurement of the related lease liability as of July 1, 2021.

Conewago Valley School District entered into a lease agreement on May 15, 2019 for a (20) MAC Book and (150) I-PADS. The lease requires 4 yearly payments of \$167,193.19. The lease was recorded by the District in the financial statements as a right to use asset with a net book value of \$0.

Conewago Valley School District entered into a lease agreement on January 15, 2020 for a (40) MAC Book and (80) I-PADS. The lease requires 4 yearly payments of \$125,835.89. The lease was recorded by the District in the financial statements as a right to use asset with a net book value of \$123,382.

Conewago Valley School District entered into a lease agreement on June 15, 2020 for a (220) I-PADS. The lease requires 4 yearly payments of \$240,134. The lease was recorded by the District in the financial statements as a right to use asset with a net book value of \$236,608.

Conewago Valley School District entered into a lease agreement on January 28, 2020 for a Kyocero 7003 Copier System. The lease requires 36 monthly payments of \$817.30. The lease was recorded by the District in the financial statements as a right to use asset with a net book value of \$0.

Conewago Valley School District entered into a lease agreement on August 6, 2020 for a Kyocero Copier System. The lease requires 48 monthly payments of \$1,104.06. The lease was recorded by the District in the financial statements as a right to use asset with a net book value of \$15,457.

Right to Use Lease Asset Activity Charts:

	Beginning Balance	Lease Additions	Amortization	Ending Balances
(150) IPADS AND (20) MACBOOK AIR 5-PACK	163,930		163,930	-
(80) IPADS AND (40) MACBOOK AIR 5-PACK	244,359		120,977	123,382
(220) IPADS	469,743		233,135	236,608
(3) KYOCERA COPIER LEASE	5,721		5,721	-
(23) KYOCERA COPIER LEASE	28,705		13,247	15,458
	912,458	-	537,010	375,448

Future Minimum Payments:

Year ending June 30	Principal Payments
2024	373,240
2025	2,208
	375,448

Conewago Valley School District has recorded leased assets as a result of implementing GASB # 96. The right to use assets are initially measured at an amount equal to the measurement of the related lease liability as of July 1, 2022.

Conewago Valley School District entered into a subscription agreement for Managed Methods Security Platforms Monitors Software which expires on 6/30/24. The remaining contract left on the subscription is at 6/30/23 is \$31,510.

Conewago Valley School District entered into a subscription agreement for N-Net Webfilter Software which expires on 6/30/23. The remaining contract left on the subscription is at 6/30/23 is \$0.

Right to Use Lease Asset Activity Charts:

	Beginning Balance	Lease Additions	Amortization	Ending Balances
Managed Methods Security Platforms Monitors	63,020		31,510	31,510
N-Net Webfilter	16,243		16,243	-
	79,263	-	47,753	31,510

Future Minimum Payments:

Year ending June 30	Principal Payments
2024	31,510

REQUIRED SUPPLEMENTARY INFORMATION

CONEWAGO VALLEY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual (Budgetary Basis)	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local Revenues	\$ 44,368,415	\$ 44,368,415	\$ 45,982,518	\$ 1,614,103
State Program Revenues	25,706,487	25,706,487	25,047,522	(658,965)
Federal Program Revenues	2,145,590	2,145,590	2,899,092	753,502
Total Revenues	<u>72,220,492</u>	<u>72,220,492</u>	<u>73,929,132</u>	<u>1,708,640</u>
EXPENDITURES				
Regular Programs	32,662,227	32,662,227	32,361,549	300,678
Special Programs	14,035,714	14,035,714	13,764,088	271,626
Vocational Programs	2,480,387	2,480,387	2,534,224	(53,837)
Other Instructional Programs	405,342	405,342	894,452	(489,110)
NonPublic	60,751	60,751	11,367	49,384
Adult Education Programs	0	0	0	0
Pupil Personnel Services	1,744,470	1,744,470	1,810,582	(66,112)
Instructional Staff Services	3,748,495	3,748,495	4,213,866	(465,371)
Administrative Services	3,772,011	3,772,011	3,672,476	99,535
Pupil Health	661,203	661,203	645,391	15,812
Business Services	633,629	633,629	671,651	(38,022)
Operation and Maintenance of Plant Services	3,547,597	3,547,597	3,617,298	(69,701)
Student Transportation Services	3,367,491	3,367,491	3,250,137	117,354
Other Support Services	23,000	23,000	12,615	10,385
Food Services	0	0	0	0
Student Activities	1,049,270	1,049,270	1,035,524	13,746
Community Services	16,000	16,000	30,395	(14,395)
Facilities Acquisition and Improvement	0	0	0	0
Debt Service	4,012,905	4,012,905	4,012,905	0
Refund of Prior Year Receipts	0	0	0	0
Total Expenditures	<u>72,220,492</u>	<u>72,220,492</u>	<u>72,538,520</u>	<u>(318,028)</u>
Deficiency of Revenues Over Expenditures	0	0	1,390,612	1,390,612
OTHER FINANCING SOURCES (USES)				
Interfund Transfers Out	0	0	0	0
Refund of Prior Year Revenues	0	0	0	0
Other Financing Sources	0	0	0	0
Fund Transfers	0	0	(1,000,000)	1,000,000
Budgetary Reserve	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>(1,000,000)</u>	<u>(1,000,000)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	390,612	<u>\$ 390,612</u>
FUND BALANCE - JULY 1, 2022			<u>7,972,899</u>	
FUND BALANCE - JUNE 30, 2023			<u>\$ 8,363,511</u>	

The accompanying notes are an integral part of these financial statements.

SUPPLEMENTARY INFORMATION

CONEWAGO VALLEY SCHOOL DISTRICT
DETAILED STATEMENT OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
TAXES				
Current Real Estate Taxes	\$ 33,853,849	\$ 33,853,849	\$ 33,851,833	\$ (2,016)
Interim Real Estate Taxes	235,000	235,000	0	(235,000)
Current Per Capita Taxes #679	91,611	91,611	91,299	(312)
Current Per Capita Taxes #511	91,211	91,211	91,299	88
Current Occupation Taxes	0	0	0	0
Occupational Privilege Taxes	59,670	59,670	62,979	3,309
Real Estate Transfer Taxes	680,090	680,090	632,880	(47,210)
Earned Income Taxes	7,600,000	7,600,000	8,248,282	648,282
Amusement Taxes	45,200	45,200	45,200	0
Delinquent Taxes, All Levies	715,200	715,200	741,740	26,540
Payments In Lieu	0	0	0	0
Public Utility Realty Tax	35,990	35,990	39,069	3,079
Total	<u>43,407,821</u>	<u>43,407,821</u>	<u>43,804,581</u>	<u>396,760</u>
STATE SOURCES				
Basic Instructional Subsidy	13,902,708	13,902,708	12,393,492	(1,509,216)
Charter School Initiative	0	0	0	0
Alternative Education	0	0	0	0
Tuition Court Placed/Institute	41,815	41,815	39,186	(2,629)
Special Ed. Program	0	0	0	0
Other Program Subsidies	1,223,831	1,223,831	0	(1,223,831)
Transportation	115,500	115,500	1,468,206	1,352,706
Vocational Education	8,072	8,072	166,128	158,056
Rentals and Sinking Fund Payments	558,652	558,652	560,973	2,321
Driver Education	0	0	0	0
Migratory Children	1,000	1,000	320	(680)
Medical and Dental Services	82,308	82,308	79,861	(2,447)
Special Education - Exceptional Pupil	2,731,235	2,731,235	2,521,801	(209,434)
State Revenue - Unassigned	920,565	920,565	1,155,289	234,724
PCCD Grant	0	0	78,780	78,780
Accountability	6,400	6,400	0	(6,400)
Learn Grant	573,730	573,730	573,730	0
Social Security Payments	0	0	0	0
Retirement Payments	5,305,947	5,305,947	6,009,756	703,809
Supplemental Equipment Grants	0	0	0	0
Vocational Education - Capital Outlay	0	0	0	0
Total	<u>25,471,763</u>	<u>25,471,763</u>	<u>25,047,522</u>	<u>(424,241)</u>

The accompanying notes are an integral part of these financial statements.

CONEWAGO VALLEY SCHOOL DISTRICT
DETAILED STATEMENT OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - GENERAL FUND - CONTINUED
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
FEDERAL SOURCES				
Low Income - Title I	\$ 588,297	\$ 588,297	\$ 619,442	\$ 31,145
Vocational Education	0	0	0	0
IDEA Section 619	0	0	8,748	8,748
Title II	106,386	106,386	97,019	(9,367)
Title III	13,875	13,875	14,643	768
Title IV	0	0	23,604	23,604
IDEA Part B	0	0	0	0
ESSER	0	0	0	0
COVID-19 SECIM	0	0	24,180	24,180
Cares Act - ESSER II	0	0	1,486,502	1,486,502
ARP ESSER III	1,125,000	1,125,000	348,058	(776,942)
PCCD Grant	0	0	0	0
ARP ESSER Learning Loss	0	0	43,248	43,248
ARP ESSER Afterschool Programs	0	0	3,240	3,240
ARP ESSER HCY	0	0	0	0
Capital Expense - Title I	41,141	41,141	0	(41,141)
Med.Assistance Reimbursement Access	270,891	270,891	230,408	(40,483)
Med.Assistance Reimbursement Trans.	0	0	0	0
Other Restricted Grants	0	0	0	0
Total	<u>2,145,590</u>	<u>2,145,590</u>	<u>2,899,092</u>	<u>753,502</u>
OTHER				
Earnings From Temporary Deposits	7,500	7,500	744,205	736,705
Student Activities	30,000	30,000	78,731	48,731
State Revenue Received	0	0	0	0
Federal Revenue Received	625,458	625,458	772,085	146,627
Rent from School and Other Facilities	18,000	18,000	21,082	3,082
Contribution & Donation	100,600	100,600	0	(100,600)
Receipts From Other LEA's	0	0	0	0
PA Charter School Adjustment	0	0	0	0
Services Provided Local Government	0	0	0	0
Tech Insurance	0	0	21,614	21,614
Miscellaneous Revenues	24,000	24,000	36,337	12,337
Tuition and Other Payments From Patrons	389,760	389,760	503,883	114,123
Total	<u>1,195,318</u>	<u>1,195,318</u>	<u>2,177,937</u>	<u>982,619</u>
Total Revenues	<u>\$ 72,220,492</u>	<u>\$ 72,220,492</u>	<u>\$ 73,929,132</u>	<u>\$ 1,708,640</u>

The accompanying notes are an integral part of these financial statements.

CONEWAGO VALLEY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
YEAR ENDED JUNE 30, 2023

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
District's proportion of the net pension liability (asset)	18.7200%	18.5300%	18.4500%	18.6200%
District proportionate share of the net pension liability (asset)	83,227,000	76,078,000	91,043,000	87,109,000
District's covered-employee payroll	27,509,313	26,252,324	25,899,398	25,678,412
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	302.54%	289.80%	351.53%	339.23%
Plan fiduciary net position as a percentage of the total pension liability	63.67%	63.67%	54.32%	55.66%

Amounts were determined as of the cost-sharing plan's June 30, 2022 fiscal year.

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complete, available information is presented.

CONEWAGO VALLEY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS PENSION PLAN
YEAR ENDED JUNE 30, 2023

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Contractually required contribution	9,330,702	8,804,202	8,637,843	8,338,475
Contributions in relation to the contractually required contribution	<u>9,330,702</u>	<u>8,804,202</u>	<u>8,637,843</u>	<u>8,338,475</u>
Contribution deficiency (excess)	-	-	-	-
District's covered-employee payroll	27,509,313	26,252,324	25,899,398	25,678,412
Contributions as a percentage of covered-employee payroll	33.92	33.54	33.35	32.47

Amounts were determined as of the cost-sharing plan's June 30, 2022 fiscal year.

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complete, available information is presented.

**CONEWAGO VALLEY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN OPEB LIABILITY - SINGLE EMPLOYER PLAN
YEAR ENDED JUNE 30, 2023**

	2023	2022	2021	2020
Total OPEB Liability				
Service cost	\$ 405,274	\$ 408,440	\$ 322,195	\$ 323,843
Interest on total OPEB liability	142,589	116,433	193,282	170,887
Benefit payments	(331,924)	(330,522)	(306,481)	(316,248)
Changes of Benefit Terms	(289,915)	-	-	-
Differences between expected and actual experience	591,737	-	(397,559)	-
Changes in assumptions	<u>(1,387,824)</u>	<u>(196,351)</u>	<u>622,744</u>	<u>(164,137)</u>
Net change in total OPEB liability	(870,063)	(2,000)	434,181	14,345
Total OPEB Liability, Beginning	<u>6,028,449</u>	<u>6,030,449</u>	<u>5,596,268</u>	<u>5,581,923</u>
Total OPEB Liability, Ending	<u><u>\$ 5,158,386</u></u>	<u><u>\$ 6,028,449</u></u>	<u><u>\$ 6,030,449</u></u>	<u><u>\$ 5,596,268</u></u>
Covered Employee Payroll	<u><u>\$ 25,649,523</u></u>	<u><u>\$ 24,867,576</u></u>	<u><u>\$ 24,867,576</u></u>	<u><u>\$ 23,469,338</u></u>
Total OPEB Liability as a percent of covered employee payroll	20.11%	24.24%	24.25%	23.85%

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

CONEWAGO VALLEY SCHOOL DISTRICT
SCHEDULE OF SCHOOL'S PROPORTIONATE SHARE OF THE NET
OPEB LIABILITY - PSERS COST SHARING PLAN
YEAR ENDED JUNE 30, 2023

	2023	2022	2021	2020
School's proportion of the net OPEB liability	18.7100%	18.5200%	18.4500%	18.6200%
School's proportionate share of the net OPEB liability	<u>\$ 3,444,000</u>	<u>\$ 4,390,000</u>	<u>\$ 3,986,000</u>	<u>\$ 3,960,000</u>
School's covered-employee payroll	27,509,313	26,252,324	25,899,398	25,678,412
School's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	12.52%	16.72%	15.39%	15.42%
Plan fiduciary net position as a percentage of the total OPEB liability	5.30%	5.30%	5.69%	5.56%

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

CONEWAGO VALLEY SCHOOL DISTRICT
SCHEDULE OF SCHOOL'S OPEB CONTRIBUTIONS -
PSERS COST SHARING PLAN
YEAR ENDED JUNE 30, 2023

	2023	2022	2021	2020
Contractually required contribution	\$ 218,000	\$ 216,000	\$ 217,000	\$ 213,000
Contributions in relation to the contractually required contribution	<u>(218,000)</u>	<u>(216,000)</u>	<u>(217,000)</u>	<u>(213,000)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered-employee payroll	27,509,313	26,252,324	25,899,398	25,678,412
Contributions as a percentage of covered-employee payroll	0.79%	0.82%	0.84%	0.83%

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

SINGLE AUDIT INFORMATION

KOCHENOUR, EARNEST, SMYSER & BURG

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

To the Board of Directors
Conewago Valley School District
New Oxford, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Conewago Valley School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated January 25, 2024.

Report on Internal Control over Financial Reporting

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

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

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

To the Board of Directors
Conewago Valley School District
New Oxford, Pennsylvania

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Conewago Valley School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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.

Kochenour, Earnest, Smyser & Burg

Certified Public Accountants

York, Pennsylvania
January 25, 2024

KOCHENOUR, EARNEST, SMYSER & BURG

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

To the Board of Directors
Conewago Valley School District
New Oxford, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Conewago Valley School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Conewago Valley School District's major federal programs for the year ended June 30, 2023. Conewago Valley School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Conewago Valley School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Auditor's Responsibilities for the Audit of Compliance

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

To the Board of Directors
Conewago Valley School District
New Oxford, Pennsylvania

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 Conewago Valley School District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgement 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 Conewago Valley School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Conewago Valley School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Conewago Valley School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weakness 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.

Kochenour, Earnest, Smyser & Burg

Certified Public Accountants

York, Pennsylvania
January 25, 2024

CONEWAGO VALLEY SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FOOD NUTRITION SERVICE
 YEAR ENDED JUNE 30, 2023

Grantor/Program	Source Code	Federal CFDA Number	Pass Through Grantor's Number	Grant Period Beginning/Ending Date	Program or Award Amount	Net Funds Received for the Year	Accrued (Deferred) Revenue at July 1, 2022	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue at June 30, 2023	
US DEPARTMENT OF EDUCATION											
Passed through the PA Dept. of Education:											
Title I-Low Income c/o	10-8514	I	84.010	013-220097	7/01/21-9/30/22	588,862	420,777	418,830	1,947	1,947	0
Title I-Low Income	10-8514	I	84.010	013-230097	7/01/22-9/30/23	620,222	565,742	0	617,495	617,495	51,753
Sub-total Title I						986,519	418,830	619,442	619,442	51,753	
Title II-Part A Teacher Quality	10-8515	I	84.367	020-220097	7/01/21-9/30/22	106,806	76,410	76,410	0	0	0
Title II-Part A Teacher Quality	10-8515	I	84.367	020-230097	7/01/22-9/30/23	108,805	107,952	0	97,019	97,019	(10,933)
Sub-total Title II						184,362	76,410	97,019	97,019	(10,933)	
Title III-Language Instruct.	10-8516	I	84-365	010-230097	7/01/22-9/30/23	14,171	12,474	0	13,986	13,986	1,512
Title III-Language Instruct.	10-8516	I	84-365	010-220097	7/01/21-9/30/22	14,049	10,085	9,428	657	657	0
Sub-total Title III						22,559	9,428	14,643	14,643	1512	
Title IV-Student Support/Acad Enric	10-8517	I	84-424	144-230097	7/01/22-9/30/23	46,104	23,424	0	22,813	22,813	(611)
Title IV-Student Support/Acad Enric	10-8517	I	84-424	144-220097	7/01/19-9/30/22	41,165	29,410	28,619	791	791	0
Title IV-Student Support/Acad Enric	10-8517	I	84-424	144-210097	7/01/20-9/30/21	48,785	3,485	3,485	0	0	0
Sub-total Title IV						56,319	32,104	23,604	23,604	(611)	
COVID-19 SECIM	10-8742	I	84-425	252-200097	3/13/2020-9/30/22	35,340	24,180	24,180	0	0	0
CARES Act- ESSER Fund Local	10-8743	I	84-425	200-210097	3/13/20-9/30/23	2,027,475	563,269	(230,520)	1,486,502	1,486,502	692,713
ARP ESSER	10-8744	I	84-425	223-210097	3/13/20-9/30/24	4,088,588	594,704	61,173	348,058	348,058	(185,473)
ARP ESSER 7%	10-8751	I	84-425	225-210097	3/13/20-9/30/24	226,983	156,825	114,762	43,248	43,248	1,185
ARP ESSER 7%	10-8753	I	84-425	225-210097	3/13/20-9/30/24	45,396	31,364	28,124	3,240	3,240	0
ARP ESSER Homeless Children	10-8754	I	84-425	181-212100	7/1/21-9/30/24	24,454	22,573	22,573	0	0	0
Sub-total 84-425						1,392,915	20,292	1,881,048	1,881,048	508,425	
TOTAL PASSED THROUGH PA DEPARTMENT OF ED						2,642,674	557,064	2,635,756	2,635,756	550,146	
Passed through LIU 12											
Idea-Part B Handicapped	10-6831	I	84.027	062-10-012A	7/01/22-6/30/23	772,085	772,085	0	772,085	772,085	0
Idea-Sec 619	10-6831	I	84.173	062-10-012A	7/01/22-6/30/23	8,748	8,748	0	8,748	8,748	0
TOTAL PASSED THROUGH LIU 12						780,833	0	780,833	780,833	0	
TOTAL U.S. DEPARTMENT OF EDUCATION						3,423,507	557,064	3,416,589	3,416,589	550,146	
US Department of Agriculture											
Passed through the PA Department Agriculture:											
National School Lunch- Donated Commodities		I	10.555	N/A	7/01/22-6/30/23	n/a	194,789	0	194,789	194,789	0
Passed through the PA Dept. of Education:											
National School Lunch	51-8531	I	10.555	362	7/01/22-6/30/23	n/a	998,492	0	998,492	998,492	0
National School Brkfst	51-8531	I	10.553	365	7/01/22-6/30/23	n/a	226,625	0	226,625	226,625	0
Supply Chain Assistance	51-8531	I	10.555	356	7/01/22-6/30/23	n/a	103,993	(76,550)	180,543	180,543	0
US Department of Agriculture Passed thru PA Dept of Ed						1,329,110	(76,550)	1,405,660	1,405,660	0	
Sub-Total Cluster-Nation School Lunch						n/a	1,523,899	(76,550)	1,600,449	1,600,449	0
P-EBT Local Admin Funds		I	10.649	358	7/01/22-6/30/23	na	628	0	628	628	0
Total Federal Assistance						\$ 4,948,034	\$ 480,514	\$ 5,017,666	\$ 5,017,666	\$ 550,146	
State											
State School Lunch	51-7600-Lunch	I	N/A	510	7/01/22-6/30/23	n/a	48,052	0	48,052	48,052	0
State School Lunch	51-7600-Brkfst-Needy	I	N/A	511	7/01/22-6/30/23	n/a	13,164	0	13,164	13,164	0
State School Lunch	51-7600-Brkfst-Initiative	I	N/A	521	7/01/22-6/30/23	n/a	117,705	0	117,705	117,705	0
						178,921	0	178,921	178,921	0	

CONEWAGO VALLEY SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

NOTE 1 - ORGANIZATION AND SCOPE

Conewago Valley School District, Adams County, Pennsylvania operates a high school, a middle school, an intermediate school and two elementary schools.

The district received federal funds to operate the programs for the benefit of some of the students as detailed on the Schedule of Expenditures of Federal Awards, which covers the period from July 1, 2022 to June 30, 2023.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District reports federal programs in its general purpose financial statements and on the Schedule of Expenditures of Federal Awards on the accrual basis.

NOTE 3 - REPORTING ENTITY

The Conewago Valley School District Board is the basic level of government which has oversight responsibility and control over all activities related to the public school education in the Conewago Valley School District. The District receives funding from local, state and federal government sources and must comply with their accompanying requirements. However, the Board is not included in any other governmental "reporting entity" as defined by the GASB pronouncement, since Board members are elected by the public and have decision-making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

The reporting entity for Conewago Valley School District consists only of those funds, functions, and activities controlled by the School Board and required or allowed by State laws and regulations.

The financial statement of the School District includes all funds and activities that are controlled by or dependent on the School District. Control or dependence is determined on the basis of budget adoption, taxing authority, and funding and appointment of advisors.

Note 4 - INDIRECT COST RATE

The School has elected not to use the ten-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 5 - NON-MONETARY ASSISTANCE

NSLP - Value of USDA Donated Commodities (CFDA #10.555) - The School received commodities from the Pennsylvania Department of Agriculture valued at functions, and activities controlled by the School Board and required or allowed by State laws and regulations.

NOTE 6 - FEDERAL AWARDS

Total Expenditures	\$	5,196,587
Less: State Expenditures		178,921
Total Federal Expenditures		5,017,666
		40%
	\$	2,007,066

Percentage of Coverage Rule

Conewago Valley School District falls under the 40% rule for testing federal programs.

Federal Program Tested

National School Lunch	\$	1,179,035	
Breakfast		226,625	
Donated Commodities		194,789	
ARP ESSER		1,834,560	
ARP ESSER 7%		46,488	
IDEA		780,833	
	\$	4,262,330	85%

CONEWAGO VALLEY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023

A. Summary of the Auditors' Results:

- 1 . An unmodified opinion was issued on the District's financial statements at June 30, 2023.
- 2 . There were no significant deficiencies or material weaknesses in internal control disclosed by the audit of the financial statements.
- 3 . There was no noncompliance disclosed during our audit which was material to the financial statements.
- 4 . There were no significant deficiencies or material weaknesses disclosed in internal control over the federal programs tested.
- 5 . An unmodified opinion was issued on the compliance of the federal programs tested.
- 6 . There were no audit findings for the fiscal year ended June 30, 2023.
- 7 . The federal programs tested as major programs were National School Lunch, Breakfast, Donated Commodities, ARP ESSER, ARP ESSER 7%, and IDEA which accounted for 85% of the federal expenditures.
Conewago Valley School District falls under the 40% rule of testing federal programs.
- 8 . Federal expenditures are \$750,000 or more but less than \$25 million. Type A programs are the programs with total program expended funds of \$750,000 or more.
- 9 . Conewago Valley School District was determined to not be a low-risk auditee.

B. Findings relating to the general purpose financial statements which are required to be reported under generally accepted government auditing standards issued by the Comptroller General of The United States.

There were no findings for Conewago Valley School District for the fiscal year ending June 30, 2023.

C. Findings and Questioned Costs for Federal Awards

There were no findings or questioned costs for Federal Awards in fiscal year ending June 30, 2023.

CONEWAGO VALLEY SCHOOL DISTRICT
STATUS OF PRIOR YEAR'S FINDINGS
JUNE 30, 2023

There were no findings or questioned costs for federal awards in fiscal year ending June 30, 2022.