

**SOUTHERN HUNTINGDON COUNTY  
SCHOOL DISTRICT**

**FINANCIAL REPORT**

**JUNE 30, 2022**

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## **INDEPENDENT AUDITOR'S REPORT**

Board of School Directors  
Southern Huntingdon County School District  
Three Springs, Pennsylvania

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Southern Huntingdon County School District (District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows, and budgetary comparison for the general fund 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (*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 District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe 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 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 Management's Discussion & Analysis and the required supplementary information as listed in the Contents, 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 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* is presented for purposes of additional analysis and is 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 Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Boyer & Fitter". The signature is written in black ink and is positioned centrally on the page.

State College, Pennsylvania  
December 28, 2022

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION & ANALYSIS (MD&A)  
June 30, 2022**

The discussion and analysis of Southern Huntingdon County School District’s (District) financial performance provides an overall review of the District’s financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the District’s financial performance as a whole; readers should also review the basic financial statements and notes to the financial statements to enhance their understanding of the District’s financial performance.

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

## **Financial Highlights**

### **Real Estate Tax**

For the July 2021 real estate tax levy, the Southern Huntingdon County School Board millage rate remained at 40.26 mills. The District’s net current collection rate for real estate taxes is 89.85%, therefore, approximately \$105,919, for each mill of tax levied was collected in the current year.

### **Long-Term Debt**

No changes noted in refunds or issuance of long-term debt.

### **Cafeteria Fund**

The Cafeteria Fund revenue increased in the current year. Overall net position for 2021-2022 increased by \$282,494.

**Table A-1** summarizes the major features of the District’s financial statements, including the portions of the District that the statements cover and the types of information that the statements contain. The remainder of this overview section of MD&A explains the structure and contents of the statements.

**Table A-1**  
**Major Features of Southern Huntingdon County School District’s**  
**Government-Wide and Fund Financial Statements**

	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
<b><i>Scope</i></b>	Entire District (except fiduciary funds)	Activities of the District <b>that are not proprietary or fiduciary</b> , such as education, administration and community services	Activities the District operates similar to private business - <b>Food Service</b>	Activities in which the District is the trustee or agent for someone else’s resources - <b>Scholarship Funds and Activity Funds</b>
<b><i>Required Financial Information</i></b>	Statement of Net Position	Balance Sheet	Statement of Net Position	Statement of Fiduciary Net Position
	Statement of Activities	Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Revenues, Expenses and Change in Net Position  Statement of Cash Flows	Statement of Changes in Fiduciary Net Position
<b><i>Accounting Basis and Measurement Focus</i></b>	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
<b><i>Type of asset/liability information</i></b>	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
<b><i>Type of inflow/outflow information</i></b>	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid



# Overview of Financial Statements

## Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the 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 position and how it has changed. Net position, the difference between the District's assets and liabilities, are one way to measure the District's financial health or position.

Over time, increases or decreases in the District's net position indicate whether the District's financial health is improving or deteriorating, respectively.

To assess the overall health of the District, additional non-financial factors, such as changes in the District's property tax base and the performance of students, must be considered.

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 activity** - The District operates a food service operation and charges fees to students, staff and visitors to 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 changes 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 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 relationships (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are reconciled in the financial statements.

**Proprietary fund** - This fund is used to account for the District's activity that is similar to business operations in the private sector, or where the reporting focuses on determining net income, financial position, changes in financial position, and where a significant portion of funding comes through user charges. When the District charges customers for services it provides - whether to outside customers or to other units within the District - these services are generally reported in the proprietary fund. The Food Service Fund is the District's proprietary fund and is the same as the business-type activity reported in the government-wide statements.

**Fiduciary funds** - The District is the trustee, or fiduciary, for several scholarship funds. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance operations. The District maintains two fiduciary funds, Combined Scholarship Trust Funds and a Student Activity Fund.

## Financial Analysis of the District as a Whole

The District's total net position was (\$833,647) at June 30, 2022, which reflects the District's share of PSERS retirement.

**Table A-2**  
**As of June 30, 2022 and 2021**  
**Net Position**

	Governmental Activities		Business-Type Activity		Total	
	6/30/22	6/30/21	6/30/22	6/30/21	6/30/22	6/30/21
Current and other assets	\$10,915,617	\$11,328,369	\$ 58,384	\$ (103,175)	\$10,974,001	\$11,225,194
Capital assets	12,799,291	11,724,052	36,952	40,517	12,836,243	11,764,569
<b>Total assets</b>	<b>23,714,908</b>	<b>23,052,421</b>	<b>95,336</b>	<b>(62,658)</b>	<b>23,810,244</b>	<b>22,989,763</b>
Deferred amounts on pension	3,152,000	3,385,833	91,000	99,167	3,243,000	3,485,000
Deferred amounts on OPEB liability	672,727	801,794	5,500	3,000	678,227	804,794
Deferred amounts on refunding debt	-	349	-	-	-	349
<b>Total deferred outflows of resources</b>	<b>3,824,727</b>	<b>4,187,976</b>	<b>96,500</b>	<b>102,167</b>	<b>3,921,227</b>	<b>4,290,143</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$27,539,635</b>	<b>\$27,240,397</b>	<b>\$ 191,836</b>	<b>\$ 39,509</b>	<b>\$27,731,471</b>	<b>\$27,279,906</b>
Current and other liabilities	\$ 1,791,057	\$ 1,727,119	\$ 29,004	\$ 41,263	\$ 1,820,061	\$ 1,768,382
Long-term liabilities	20,519,097	26,748,096	551,995	750,781	21,071,092	27,498,877
<b>Total liabilities</b>	<b>22,310,154</b>	<b>28,475,215</b>	<b>580,999</b>	<b>792,044</b>	<b>22,891,153</b>	<b>29,267,259</b>
Deferred amounts on pension	3,975,000	1,072,778	115,000	34,222	4,090,000	1,107,000
Deferred amounts on OPEB liabilities	1,581,865	709,231	2,100	2,000	1,583,965	711,231
<b>Total deferred inflows of resources</b>	<b>5,556,865</b>	<b>1,782,009</b>	<b>117,100</b>	<b>36,222</b>	<b>5,673,965</b>	<b>1,818,231</b>
Net investment in capital assets	12,799,291	10,904,052	36,952	40,517	12,836,243	10,944,569
Restricted	545,636	1,994,710	-	-	545,636	1,994,710
Unrestricted	(13,672,311)	(15,915,589)	(543,215)	(829,274)	(14,215,526)	(16,744,863)
<b>Total net position</b>	<b>(327,384)</b>	<b>(3,016,827)</b>	<b>(506,263)</b>	<b>(788,757)</b>	<b>(833,647)</b>	<b>(3,805,584)</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$27,539,635</b>	<b>\$27,240,397</b>	<b>\$ 191,836</b>	<b>\$ 39,509</b>	<b>\$27,731,471</b>	<b>\$27,279,906</b>

Most of the District's net position is invested in capital assets (land, site improvements, buildings, and equipment) or are restricted for a specific purpose. The restricted 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. All expenses are reported in the first column. User charges, grants, revenues and subsidies that directly relate to specific expense categories are presented 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 Commonwealth of Pennsylvania and local taxes assessed to community taxpayers.

**Table A-3** presents information from the Statement of Activities in a different format.

**Table A-3**  
**Fiscal Years Ended June 30, 2022 and 2021**  
**Changes in Net Position**

	Governmental Activities		Business-Type Activity		Total	
	6/30/22	6/30/21	6/30/22	6/30/21	6/30/22	6/30/21
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 134,918	\$ 65,219	\$ 81,817	\$ 37,021	\$ 216,735	\$ 102,240
Operating grants and contributions	6,150,444	5,136,153	878,122	545,683	7,028,566	5,681,836
General revenues						
Property taxes	4,189,734	4,224,893	-	-	4,189,734	4,224,893
Other taxes	898,333	942,307	-	-	898,333	942,307
Grants, subsidies and contributions, not restricted	7,743,940	7,617,490	-	-	7,743,940	7,617,490
Miscellaneous	55,441	80,549	480	32	55,921	80,581
<b>Total revenues</b>	<b>19,172,810</b>	<b>18,066,611</b>	<b>960,419</b>	<b>582,736</b>	<b>20,133,229</b>	<b>18,649,347</b>
<b>Expenses</b>						
Instruction	10,477,067	11,034,490	-	-	10,477,067	11,034,490
Instructional student support	1,299,234	1,427,292	-	-	1,299,234	1,427,292
Administration and financial support	1,549,158	1,484,719	-	-	1,549,158	1,484,719
Operation and maint. of plant services	1,603,383	1,695,238	-	-	1,603,383	1,695,238
Pupil transportation	1,242,215	1,271,980	-	-	1,242,215	1,271,980
Student activities	307,165	251,248	-	-	307,165	251,248
Interest on long-term debt	3,874	18,921	-	-	3,874	18,921
Food service	-	-	677,925	652,953	677,925	652,953
Community services	1,271	-	-	-	1,271	-
<b>Total expenses</b>	<b>16,483,367</b>	<b>17,183,888</b>	<b>677,925</b>	<b>652,953</b>	<b>17,161,292</b>	<b>17,836,841</b>
Transfers	-	-	-	-	-	-
<b>Changes in net position</b>	<b>\$ 2,689,443</b>	<b>\$ 882,723</b>	<b>\$ 282,494</b>	<b>\$ (70,217)</b>	<b>\$ 2,971,937</b>	<b>\$ 812,506</b>

**Tables A-4 and A-5** below present the expenses of both the Governmental Activities and the Business-Type Activities of the District.

**Table A-4** presents the District's seven (7) largest functions - instruction, instructional student support, administration and financial support, operation and maintenance of plant services, pupil transportation, student activities, and community services and 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-4**  
**Fiscal Years Ended June 30, 2022 and 2021**  
**Governmental Activities**

Functions/Programs	Total Cost of Services		Net Cost of Services	
	6/30/22	6/30/21	6/30/22	6/30/21
Instruction	\$ 10,477,067	\$ 11,034,490	\$ 7,255,534	\$ 8,050,508
Instructional student support	1,299,234	1,427,292	1,005,614	1,040,126
Administration and financial support	1,549,158	1,484,719	1,295,995	1,253,926
Operation and maintenance of plant services	1,603,383	1,695,238	304,186	1,254,929
Pupil transportation	1,242,215	1,271,980	114,512	171,183
Student activities	307,165	251,248	218,291	192,923
Interest on long-term debt	3,874	18,921	3,874	18,921
Community services	1,271	-	(1)	-
<b>Total governmental activities</b>	<b>\$ 16,483,367</b>	<b>\$ 17,183,888</b>	<b>10,198,005</b>	<b>11,982,516</b>
Less unrestricted grants, subsidies and contributions			(7,743,940)	(7,308,966)
<b>Total needs for grants, taxes and other revenues</b>			<b>\$ 2,454,065</b>	<b>\$ 4,673,550</b>

**Table A-5** reflects the activities of the Food Service Program, the only business-type activity of the District.

**Table A-5**  
**Fiscal Years Ended June 30, 2022 and 2021**  
**Business-Type Activities**

Functions/Programs	Total Cost of Services		Net Cost of Services	
	6/30/22	6/30/21	6/30/22	6/30/21
Food services	\$ 677,925	\$ 652,953	\$ 282,014	\$ (70,249)
Add: investment earnings			480	32
<b>Total business-type activities</b>			<b>\$ 282,494</b>	<b>\$ (70,217)</b>

The Statement of Revenues, Expenses and Changes in Net Position for this proprietary fund will provide details of the actual results of operations.

## The District Funds

At June 30, 2022, the District's governmental funds reported a combined fund balance of \$8,866,037, which reflects an increase of \$417,747, from June 30, 2021. The primary reason for the decrease in fund balance was the investment in the new HVAC system for the High School/ Middle School.

### General Fund Budget

During the fiscal year, the Board of School Directors did not authorize changes to the original budget to accommodate differences from the original budget to actual expenditures of the District. Therefore, the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund report the same numbers in both original and final budget columns. A schedule showing the District's original and final budgeted amounts compared with amounts actually paid and received is provided in the financial statements.

**Table A-6**  
**Fiscal Years Ended June 30, 2022 and 2021**  
**General Fund**  
**Budget Summary**

	Original Budget		Final Budget		Variance	
	6/30/22	6/30/21	6/30/22	6/30/21	6/30/22	6/30/21
<b>Revenues</b>						
Local	\$ 5,597,642	\$ 5,922,804	\$ 5,597,642	\$ 5,922,804	0.00%	0.00%
State	11,673,128	11,255,525	11,673,128	11,255,525	0.00%	0.00%
Federal	504,843	345,494	504,843	345,494	0.00%	0.00%
<b>Total revenues</b>	<u>17,775,613</u>	<u>17,523,823</u>	<u>17,775,613</u>	<u>17,523,823</u>	0.00%	0.00%
<b>Expenditures</b>						
Instruction	10,810,207	10,690,458	10,810,207	10,690,458	0.00%	0.00%
Support services	5,768,358	6,414,442	5,768,358	6,414,442	0.00%	0.00%
Non-instructional/community	299,106	347,421	299,106	347,421	0.00%	0.00%
Debt service	835,118	858,000	835,118	858,000	0.00%	0.00%
Transfers/Budgetary reserve	62,824	25,000	62,824	25,000	0.00%	0.00%
<b>Total expenses</b>	<u>17,775,613</u>	<u>18,335,321</u>	<u>17,775,613</u>	<u>18,335,321</u>	0.00%	0.00%
<b>Budgeted use of fund balance</b>	<u>\$ -</u>	<u>\$ 811,498</u>	<u>\$ -</u>	<u>\$ 811,498</u>	0.00%	0.00%

## Capital Asset and Debt Administration

### Capital Assets

At June 30, 2022, the District had \$12,836,243 invested in a broad range of capital assets, including land, buildings and furniture and equipment.

**Table A-7**  
**As of June 30, 2022 and 2021**  
**Capital Assets - Net of Depreciation**

	Governmental Activities		Business-Type Activity		Total	
	6/30/22	6/30/21	6/30/22	6/30/21	6/30/22	6/30/21
Land	\$ 269,649	269,649	\$ -	\$ -	\$ 269,649	\$ 269,649
Site improvements	233,094	261,799	-	-	233,094	261,799
Buildings and improvements	9,269,603	9,722,307	-	-	9,269,603	9,722,307
Furniture and equipment	407,621	303,222	36,952	40,517	444,573	343,739
Construction in process	2,619,324	1,167,075	-	-	2,619,324	1,167,075
	<u>\$ 12,799,291</u>	<u>\$ 11,724,052</u>	<u>\$ 36,952</u>	<u>\$ 40,517</u>	<u>\$ 12,836,243</u>	<u>\$ 11,764,569</u>

### Debt Administration

During the fiscal year 2015-2016, the District refunded the General Obligation Bonds Series of 2010 with a General Obligation Note Series 2015 from F&M Trust at an interest rate of 1.89% tax fee for a period of five years. As of June 30, 2022, the District did not have any outstanding bond principal.

**Table A-8**  
**As of June 30, 2022 and 2021**  
**Outstanding Debt**

	Governmental Activities		Business-Type Activity		Total	
	6/30/22	6/30/21	6/30/22	6/30/21	6/30/22	6/30/21
General Obligation Note Series of 2015	\$ -	\$ 820,000	\$ -	\$ -	\$ -	\$ 820,000

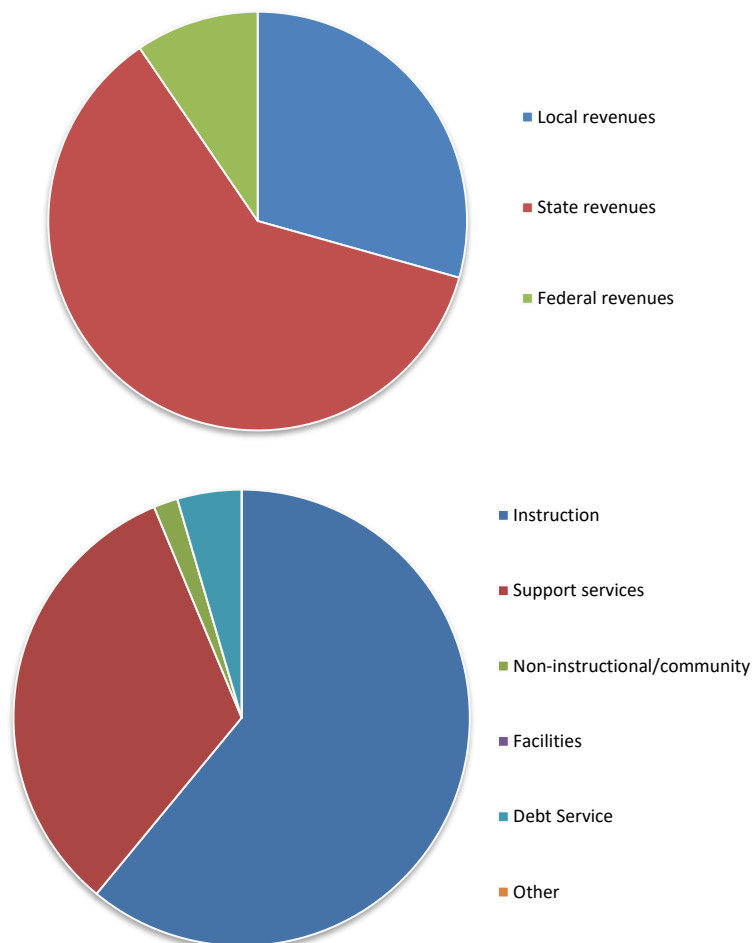
Other obligations include accrued sick and personal leave for specific employees of the District, other post-employment benefits for certain retirees, and net pension liability. More detailed information about our long-term liabilities is included in the Notes to Financial Statements.

**Table A-9** reflects the comparisons of revenue and expenditure categories for governmental-fund types by percentages:

**Table A-9**  
**Fiscal Years Ended June 30, 2022, 2021, 2020, 2019, 2018 and 2017**  
**Revenues and Expenditures**

	2021-2022	2020-2021	2019-2020	2018-2019	2017-2018
Local revenues	29.37%	32.23%	32.69%	32.99%	31.70%
State revenues	61.11%	65.24%	64.72%	63.95%	62.53%
Federal revenues	9.53%	2.53%	2.59%	3.06%	5.77%
Instruction	60.97%	60.24%	60.19%	59.95%	61.13%
Support services	32.76%	33.54%	33.30%	33.46%	32.25%
Non-instructional/community	1.72%	1.40%	1.67%	1.50%	1.94%
Facilities acquisition, construction and improvement	0.00%	0.00%	0.00%	0.00%	0.00%
Debt service	4.55%	4.81%	4.84%	4.68%	4.68%
Other	0.00%	0.00%	0.00%	0.00%	0.00%

## 2021-2022



## **Contacting the District's Financial Management**

Our financial report is designed to provide our citizens, taxpayers, parents, students, and creditors with a general overview of the District's finances and to show the Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact Hillary Lambert, Business Manager, at Southern Huntingdon County School District, 10339 Pogue Road, Three Springs, Pennsylvania 17264.



# SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT

## STATEMENT OF NET POSITION

June 30, 2022

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash	\$ 6,210,786	\$ 67,462	\$ 6,278,248
Investments	2,927,233	-	2,927,233
Receivables			
Taxes - net of allowance for uncollectibles	451,239	-	451,239
Federal subsidies	440,647	3,770	444,417
State subsidies	626,261	125	626,386
Other	87,663	91	87,754
Internal balances	35,529	(35,529)	-
Inventories	-	22,465	22,465
Prepaid expenses	136,259	-	136,259
Capital Assets			
Land and improvements - net	502,743	-	502,743
Buildings and improvements - net	9,269,603	-	9,269,603
Furniture and equipment - net	407,621	36,952	444,573
Construction-in-progress	2,619,324	-	2,619,324
Total capital assets	12,799,291	36,952	12,836,243
<b>Total assets</b>	23,714,908	95,336	23,810,244
<b>Deferred Outflows of Resources</b>			
Deferred amounts on pension liability	3,152,000	91,000	3,243,000
Deferred amounts on OPEB liabilities	672,727	5,500	678,227
<b>Total deferred outflows of resources</b>	3,824,727	96,500	3,921,227
<b>Total assets and deferred outflows of resources</b>	\$ 27,539,635	\$ 191,836	\$ 27,731,471

See Notes to Financial Statements.

	Governmental Activities	Business-Type Activities	Total
<b>Liabilities</b>			
Accounts payable	\$ 169,893	\$ 8,829	\$ 178,722
Deposits payable	-	10,628	10,628
Accrued expenses			
Salaries and benefits	1,450,888	2,928	1,453,816
Payroll withholdings	11,944	-	11,944
Unearned revenue	158,332	6,619	164,951
Long-term liabilities			
Due within one year	-	-	-
Due in more than one year	300,491	1,995	302,486
Net pension liability	18,038,000	520,000	18,558,000
OPEB obligations	2,180,606	30,000	2,210,606
Total long-term liabilities	20,519,097	551,995	21,071,092
<b>Total liabilities</b>	22,310,154	580,999	22,891,153
<b>Deferred Inflows of Resources</b>			
Deferred amounts on pension liability	3,975,000	115,000	4,090,000
Deferred amounts on OPEB liabilities	1,581,865	2,100	1,583,965
<b>Total deferred inflows of resources</b>	5,556,865	117,100	5,673,965
<b>Net Position</b>			
Net investment in capital assets	12,799,291	36,952	12,836,243
Restricted for capital projects	545,636	-	545,636
Unrestricted	(13,672,311)	(543,215)	(14,215,526)
<b>Total net position</b>	(327,384)	(506,263)	(833,647)
<b>Total liabilities, deferred inflows of resources and net position</b>	\$ 27,539,635	\$ 191,836	\$ 27,731,471

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT**

**STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activity	Total
<b>Governmental Activities</b>							
Instruction	\$ 10,477,067	\$ 86,549	\$ 3,134,984	\$ -	\$ (7,255,534)	\$ -	\$ (7,255,534)
Instructional student support	1,299,234	-	293,620	-	(1,005,614)	-	(1,005,614)
Administration and financial support	1,549,158	-	253,163	-	(1,295,995)	-	(1,295,995)
Operation and maintenance of plant services	1,603,383	1,815	1,297,382	-	(304,186)	-	(304,186)
Pupil transportation	1,242,215	-	1,127,703	-	(114,512)	-	(114,512)
Student activities	307,165	46,554	42,320	-	(218,291)	-	(218,291)
Community services	1,271	-	1,272	-	1	-	1
Interest on long-term debt	3,874	-	-	-	(3,874)	-	(3,874)
<b>Total governmental activities</b>	<b>16,483,367</b>	<b>134,918</b>	<b>6,150,444</b>	<b>-</b>	<b>(10,198,005)</b>	<b>-</b>	<b>(10,198,005)</b>
<b>Business-Type Activity</b>							
Food service	677,925	81,817	878,122	-	-	282,014	282,014
<b>Total School District</b>	<b>\$ 17,161,292</b>	<b>\$ 216,735</b>	<b>\$ 7,028,566</b>	<b>\$ -</b>	<b>(10,198,005)</b>	<b>282,014</b>	<b>(9,915,991)</b>
<b>General Revenues and Transfers</b>							
Property taxes levied for general purposes, net					4,189,734	-	4,189,734
Public utility, realty transfer, earned income, and per capita taxes for general purposes, net					898,333	-	898,333
Grants, subsidies, and contributions, not restricted					7,743,940	-	7,743,940
Investment earnings					15,488	480	15,968
Miscellaneous income					39,953	-	39,953
<b>Total general revenues and transfers</b>					<b>12,887,448</b>	<b>480</b>	<b>12,887,928</b>
<b>Changes in net position</b>					<b>2,689,443</b>	<b>282,494</b>	<b>2,971,937</b>
<b>Net Position - July 1, 2021</b>					<b>(3,016,827)</b>	<b>(788,757)</b>	<b>(3,805,584)</b>
<b>Net Position - June 30, 2022</b>					<b>\$ (327,384)</b>	<b>\$ (506,263)</b>	<b>\$ (833,647)</b>

See Notes to Financial Statements.

# SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT

## BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2022

	General	Capital Projects	Total Governmental Funds
<b>Assets</b>			
Cash	\$ 4,061,703	\$ 2,149,083	\$ 6,210,786
Investments	2,916,202	11,031	2,927,233
Receivables			
Taxes - net of allowance for uncollectibles	451,239	-	451,239
Federal subsidies	440,647	-	440,647
State subsidies	626,261	-	626,261
Other	87,663	-	87,663
Prepaid expenses	136,259	-	136,259
Due from other funds	35,529	-	35,529
<b>Total assets</b>	<u>\$ 8,755,503</u>	<u>\$ 2,160,114</u>	<u>\$ 10,915,617</u>
<b>Liabilities</b>			
Accounts payable	\$ 155,415	\$ 14,478	\$ 169,893
Accrued expenses			
Salaries and benefits	1,450,888	-	1,450,888
Payroll withholdings	11,944	-	11,944
Unearned revenue	158,332	-	158,332
<b>Total liabilities</b>	<u>1,776,579</u>	<u>14,478</u>	<u>1,791,057</u>
<b>Deferred Inflows of Resources</b>			
Delinquent property taxes	258,523	-	258,523
<b>Fund Balances</b>			
Non-spendable	171,788	-	171,788
Restricted			
Capital projects	-	2,145,636	2,145,636
Assigned			
Future capital projects	1,000,000	-	1,000,000
Future retirement increases	2,700,000	-	2,700,000
Future healthcare increases	1,500,000	-	1,500,000
Future technology	300,000	-	300,000
Future instructional materials	100,000	-	100,000
Future food service fund transfer	100,000	-	100,000
Unassigned	848,613	-	848,613
<b>Total fund balances</b>	<u>6,720,401</u>	<u>2,145,636</u>	<u>8,866,037</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 8,755,503</u>	<u>\$ 2,160,114</u>	<u>\$ 10,915,617</u>

See Notes to Financial Statements.

## SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT

### RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

June 30, 2022

<b>Total fund balances - governmental funds</b>	<b>\$ 8,866,037</b>
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 total cost of capital assets is \$27,173,754, and the accumulated depreciation is \$14,374,463.	12,799,291
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore, they are deferred inflows of resources in the funds.	258,523
Deferred inflows and outflows of resources related to pensions are applicable to future periods, and therefore, they are not reported within the funds. Deferred inflows and outflows related to pensions are as follows (see footnote detail)	
Deferred inflows	(3,975,000)
Deferred outflows	3,152,000
Deferred inflows and outflows of resources related to OPEB are applicable to future periods, and therefore, they are not reported within the funds. Deferred inflows and outflows related to OPEB are as follows (see footnote detail)	
Deferred inflows	(1,581,865)
Deferred outflows	672,727
Long-term liabilities, including bonds payable, compensated absences, and other post-employment benefits, are not due and payable in the current period; therefore, they are not reported as liabilities in the funds. These liabilities at year-end consist of:	
Compensated absences	(300,491)
Net pension liability	(18,038,000)
Other post-employment benefits	(2,180,606)
	<u>(20,519,097)</u>
<b>Total net position - governmental activities</b>	<b>\$ (327,384)</b>

See Notes to Financial Statements.

# SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS Year Ended June 30, 2022

	General	Capital Projects	Total Governmental Funds
Revenues			
Local sources	\$ 5,648,162	\$ 1,603,176	\$ 7,251,338
State sources	11,752,029	-	11,752,029
Federal sources	1,832,261	-	1,832,261
<b>Total revenues</b>	<u>19,232,452</u>	<u>1,603,176</u>	<u>20,835,628</u>
Expenditures			
Instruction	11,097,597	-	11,097,597
Support services	5,962,859	-	5,962,859
Operation of non-instructional services	312,920	-	312,920
Debt service	827,749	-	827,749
Facilities construction and improvement	-	1,452,250	1,452,250
<b>Total expenditures</b>	<u>18,201,125</u>	<u>1,452,250</u>	<u>19,653,375</u>
Other Financing Uses			
Operating transfers out	(1,600,000)	-	(1,600,000)
<b>Total other financing uses</b>	<u>(1,600,000)</u>	<u>-</u>	<u>(1,600,000)</u>
<b>Net changes in fund balances</b>	(568,673)	150,926	(417,747)
Fund Balance - July 1, 2021	7,289,074	1,994,710	9,283,784
Fund Balance - June 30, 2022	<u>\$ 6,720,401</u>	<u>\$ 2,145,636</u>	<u>\$ 8,866,037</u>

See Notes to Financial Statements.

# SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT

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

Year Ended June 30, 2022

<b>Net changes in fund balances - governmental funds</b>		\$	(417,747)
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 costs of those assets are allocated over their useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the period.			
	Capital outlays	1,691,452	
	Less depreciation expense	<u>(616,213)</u>	1,075,239
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 inflows of resources decreased by this amount.			(62,818)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. The decrease in interest accrued reflected in the Statement of Activities is shown here.			3,875
Governmental funds report district pension and OPEB contributions as expenditures. However, in the Statement of Activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as pension and OPEB expense.			
District pension and OPEB contributions			2,317,000
Cost of benefits earned - net of employee contributions (pension expense)			(1,074,961)
Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, they are not reported as expenditures in governmental funds.			
Change in compensated absences			28,205
Other post-employment benefits (District Plan)			999
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effects of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
	Repayment of long-term debt	820,000	
	Amortization of refunding loss	<u>(349)</u>	819,651
<b>Changes in net position - governmental activities</b>		\$	<u><u>2,689,443</u></u>

See Notes to Financial Statements.

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - GENERAL FUND**

**Year Ended June 30, 2022**

	Original and Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Local sources			
Real estate taxes	\$ 3,869,340	\$ 3,785,385	\$ (83,955)
Public utility realty tax	4,850	5,079	229
Payments in lieu of taxes	27,000	27,421	421
Per capita taxes	29,000	28,970	(30)
Earned income tax	725,000	736,913	11,913
Real estate transfer taxes	85,000	124,831	39,831
Delinquent real estate taxes	450,000	439,746	(10,254)
Delinquent per capita taxes	4,000	2,540	(1,460)
Earnings on investments	50,000	12,312	(37,688)
Student activities	29,900	46,554	16,654
Intermediary sources (pass-through funds)			
IDEA, Part B	224,000	310,094	86,094
Tuition from patrons	33,000	86,549	53,549
Rentals	1,680	1,815	135
Refunds and other miscellaneous revenue	64,872	39,953	(24,919)
<b>Total revenues from local sources</b>	<b>5,597,642</b>	<b>5,648,162</b>	<b>50,520</b>
State sources			
Basic education	7,132,674	7,158,882	26,208
Section 1305 and 1306	100,000	94,337	(5,663)
Vocational education	31,788	37,159	5,371
Special education	873,141	817,234	(55,907)
Transportation	1,100,662	1,087,740	(12,922)
Building reimbursement subsidy	260,000	262,000	2,000
Health services	20,000	18,765	(1,235)
State property tax reduction allocation	286,090	286,090	-
Ready to learn	238,273	238,273	-
Social security reimbursement	275,000	298,968	23,968
Retirement reimbursement	1,350,000	1,445,505	95,505
Other grants and subsidies	5,500	7,076	1,576
<b>Total revenues from state sources</b>	<b>11,673,128</b>	<b>11,752,029</b>	<b>78,901</b>

(Continued)



**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - GENERAL FUND (Continued)**

**Year Ended June 30, 2022**

	Original and Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues (Continued)			
Federal sources			
Title I - Grants to Local Educational Agencies	310,000	301,750	(8,250)
Title II - Improvind Teacher Quality	44,000	34,749	(9,251)
Title IV	20,000	23,093	3,093
Medical Assistance Programs	-	3,823	3,823
Education Stabilization Funds	130,843	1,468,846	1,338,003
<b>Total revenues from Federal sources</b>	<b>504,843</b>	<b>1,832,261</b>	<b>1,327,418</b>
<b>Total revenues</b>	<b>17,775,613</b>	<b>19,232,452</b>	<b>1,456,839</b>
Expenditures			
Instruction			
Regular programs	7,170,710	7,372,471	(201,761)
Special programs	2,414,396	2,739,774	(325,378)
Vocational educational programs	940,976	906,142	34,834
Other instructional programs	284,125	79,210	204,915
<b>Total instruction</b>	<b>10,810,207</b>	<b>11,097,597</b>	<b>(287,390)</b>
Support Services			
Pupil personnel	590,984	684,696	(93,712)
Instructional staff	575,168	561,360	13,808
Administration	1,125,332	1,282,361	(157,029)
Pupil health	207,618	176,651	30,967
Business	308,493	310,435	(1,942)
Operation and maintenance of plant services	1,657,543	1,663,149	(5,606)
Student transportation services	1,282,680	1,242,168	40,512
Central service	13,540	11,723	1,817
Other support services	7,000	30,316	(23,316)
<b>Total support services</b>	<b>5,768,358</b>	<b>5,962,859</b>	<b>(194,501)</b>
Operation of Non-instructional Services			
Student activities	299,106	312,920	(13,814)
<b>Total operation of non-instructional services</b>	<b>299,106</b>	<b>312,920</b>	<b>(13,814)</b>

(Continued)

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - GENERAL FUND (Continued)**

**Year Ended June 30, 2022**

	Original and Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Expenditures (Continued)			
Debt Service			
Principal	820,000	820,000	-
Interest	15,118	7,749	7,369
	<u>835,118</u>	<u>827,749</u>	<u>7,369</u>
<b>Total expenditures</b>	<u>17,712,789</u>	<u>18,201,125</u>	<u>(488,336)</u>
<b>Excess of revenues over expenditures</b>	62,824	1,031,327	968,503
Other Financing Uses			
Operating transfers out	-	(1,600,000)	(1,600,000)
Budgetary reserve	(62,824)	-	62,824
<b>Total other financing uses</b>	<u>(62,824)</u>	<u>(1,600,000)</u>	<u>(1,537,176)</u>
<b>Net changes in fund balance</b>	<u>\$ -</u>	<u>(568,673)</u>	<u>\$ (568,673)</u>
Fund Balance - July 1, 2021		<u>7,289,074</u>	
Fund Balance - June 30, 2022		<u>\$ 6,720,401</u>	

See Notes to Financial Statements.

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT**

**STATEMENT OF NET POSITION -  
PROPRIETARY FUND - FOOD SERVICE  
June 30, 2022**

<b>ASSETS</b>	
Current Assets	
Cash	\$ 67,462
Receivables	
Federal subsidies	3,770
State subsidies	125
Other receivables	91
Inventories	22,465
<b>Total current assets</b>	<u>93,913</u>
Noncurrent Assets	
Machinery and equipment - net	36,952
<b>Total assets</b>	<u>130,865</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred amounts on pension liability	96,500
<b>Total assets and deferred outflows of resources</b>	<u>\$ 227,365</u>
<b>LIABILITIES</b>	
Current Liabilities	
Due to other funds	\$ 35,529
Unearned revenue	17,247
Accounts payable	8,829
Accrued payroll	2,928
<b>Total current liabilities</b>	<u>64,533</u>
Noncurrent Liabilities	
Compensated absences	1,995
OPEB and pension	550,000
Total noncurrent liabilities	551,995
<b>Total liabilities</b>	<u>616,528</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred amounts on pension liability	117,100
<b>NET POSITION</b>	
Invested in capital assets	36,952
Unrestricted	(543,215)
<b>Total net position</b>	<u>(506,263)</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u>\$ 227,365</u>

See Notes to Financial Statements.

## SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT

### STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUND - FOOD SERVICE Year Ended June 30, 2022

Operating Revenue	
Food service revenue	\$ 81,817
Operating Expenses	
Labor, taxes and benefits	246,447
Management services	90,881
Supplies	38,468
Food and milk	253,041
Donated commodities used	45,218
Depreciation	3,565
Dues and fees	225
Miscellaneous	80
<b>Total operating expenses</b>	<b>677,925</b>
<b>Operating loss</b>	<b>(596,108)</b>
Nonoperating Revenues	
Investment earnings	480
Federal subsidies	768,703
State subsidies	64,201
Value of donated commodities	45,218
<b>Total nonoperating revenues</b>	<b>878,602</b>
<b>Changes in net position</b>	<b>282,494</b>
Net Position - July 1, 2021	(788,757)
Net Position - June 30, 2022	\$ (506,263)

See Notes to Financial Statements.

# SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT

## STATEMENT OF CASH FLOWS - PROPRIETARY FUND - FOOD SERVICE Year Ended June 30, 2022

Cash Flows From Operating Activities	
Cash received from meal sales	\$ 114,378
Cash payments for goods and services	(550,910)
Cash payments to employees for services	(360,056)
<b>Net cash used in operating activities</b>	<u>(796,588)</u>
Cash Flows From Noncapital Financing Activities	
Federal subsidies	768,703
State subsidies	64,201
<b>Net cash provided by noncapital financing activities</b>	<u>832,904</u>
Cash Flows From Investing Activities	
Investment earnings	480
<b>Net cash provided by investing activities</b>	<u>480</u>
<b>Net increase in cash</b>	36,796
Cash:	
July 1, 2021	30,666
June 30, 2022	<u>\$ 67,462</u>

(Continued)

## SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT

### STATEMENT OF CASH FLOWS - PROPRIETARY FUND - FOOD SERVICE (Continued) Year Ended June 30, 2022

Reconciliation of Operating Loss to Net Cash	
Used in Operating Activities	
Operating loss	\$ (596,108)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation	3,565
Value of donated commodities	45,218
Changes in assets and liabilities:	
(Increase) decrease in:	
Receivables	33,345
Inventories	894
Deferred outflows of resources	5,667
(Decrease) increase in:	
Accounts payable	(6,795)
Accrued payroll	(1,368)
Deposits payable	(784)
Due to other funds	(159,002)
Unearned revenue	(3,312)
Compensated absences	620
OPEB and Pension	(199,406)
Deferred inflows of resources	80,878
<b>Net cash used in operating activities</b>	<b>\$ (796,588)</b>
<b>Supplemental Disclosure</b>	
Noncash noncapital financing activity	
USDA donated commodities received	\$ 42,207

See Notes to Financial Statements.

## SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT

### STATEMENT OF FIDUCIARY NET POSITION

June 30, 2022

	Combined Scholarship Trust Funds	Activity Fund
<b>ASSETS</b>		
Cash	\$ 26,150	\$ 89,479
Investments	8,121	-
<b>Total assets</b>	<b>\$ 34,271</b>	<b>\$ 89,479</b>
<b>NET POSITION</b>		
Reserved for scholarships and student groups	\$ 34,271	\$ 89,479
<b>Total liabilities and net position</b>	<b>\$ 34,271</b>	<b>\$ 89,479</b>

See Notes to Financial Statements.

# SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION Year Ended June 30, 2022

	Combined Scholarship Trust Funds	Activity Fund
Additions		
Interest	\$ 82	\$ 160
Student activity fundraising	-	207,648
<b>Total additions</b>	<u>82</u>	<u>207,808</u>
Deductions		
Scholarships	1,800	-
Student activity supplies	-	213,448
<b>Total deductions</b>	<u>1,800</u>	<u>213,448</u>
<b>Changes in net position</b>	(1,718)	(5,640)
Net Position - July 1, 2021	35,989	95,119
Net Position - June 30, 2022	<u>\$ 34,271</u>	<u>\$ 89,479</u>

See Notes to Financial Statements.



# **SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

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### **Note 1. Summary of Significant Accounting Policies**

Southern Huntingdon County School District operates three elementary schools and one secondary school in the Three Springs Area. The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provisions of the School Laws of Pennsylvania. The District operates under a locally elected, nine-member Board form of government.

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

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

Southern Huntingdon County School District's financial statements include the operations of all entities for which the School Board exercises oversight responsibility. Oversight responsibility is demonstrated by financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

Southern Huntingdon County School District is the lowest level of government which has oversight responsibility and control over all activities related to public-school education in the Commonwealth of Pennsylvania. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding-source entities. However, the District is not included in any other governmental "reporting entity" since the School Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters. Additionally, the District does not exercise oversight responsibility over any other entities, and consequently, no other entities have been included in the accompanying financial statements.

#### **B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effects of interfund activity have been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, 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 with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) 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 as general revenues.

## **SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note 1. Summary of Significant Accounting Policies (Continued)**

##### **B. Government-wide and Fund Financial Statements (Continued)**

Separate fund financial statements are provided in the report for all of the governmental, proprietary, and fiduciary funds of the District, even though the latter are excluded from the government-wide financial statements. Major, individual governmental and proprietary funds are reported in separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

##### **C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The District complies with accounting principles generally accepted in the United States of America (GAAP) and applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The government-wide financial statements are reported using the economic resources-measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the providers have been met. Net position (total assets and deferred outflows of resources less total liabilities and deferred inflows of resources) 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 as an expense against current operations, and accumulated depreciation is reported in the Statement of Net Position.

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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues from federal, state, and other grants designated for payment of specific District expenditures are recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as unearned revenues until earned. Expenditures generally are recorded when liabilities are 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.

When both restricted and unrestricted (including committed, assigned and unassigned) resources are available for use, it is the District's policy to use resources with the most stringent restrictions first, followed by resources in decreasing order of restriction, as funds are needed.

## **SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note 1. Summary of Significant Accounting Policies (Continued)**

##### **C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

Governmental funds are those through which most governmental functions of the District are financed. The acquisitions, uses, and balances of the District's expendable financial resources and related liabilities (except for those accounted for in proprietary funds) are accounted for through governmental funds.

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 accounted for in another fund. Revenues are primarily derived from local property, earned income and per capita taxes, and state and federal distributions. Many of the more important activities of the District, including instruction, administration of the District, and certain non-instructional services are accounted for in this fund.

The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds).

Proprietary funds are used to account for activities that are similar to those often found in the private sector. The measurement focus is upon determination of net income and capital maintenance. The District operates one proprietary fund, the Food Service Fund. This fund is used for all financial transactions related to food-service operations. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal, on-going operations. The principal operating revenue of the District's proprietary fund is food service charges. Operating expenses for the District's proprietary fund include food production costs, supplies, administrative costs, and depreciation of capital assets. All revenues or expenses not meeting these classifications are reported as non-operating revenues and expenses. The District does not attempt to allocate "building-wide costs" to the Food Service Fund. Thus, General Fund expenditures, which partially benefit the Food Service Fund (utilities, janitorial services, insurance, etc.) are not proportionately recognized within the Food Service Fund; similarly, the Food Service Fund does not recognize a cost for the building space it occupies (no rental-of-facilities expense).

Fiduciary funds are used to account for funds collected on behalf of others which are subsequently disbursed to individuals, private organizations, other governments, and/or other funds. Fiduciary Funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), and financial position. All assets and liabilities associated with their activities are reported. Fiduciary Fund equity is classified as net position. Fiduciary funds are reported only at the fund level; therefore, consideration as a major fund is not applicable.

## **SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note 1. Summary of Significant Accounting Policies (Continued)**

##### **C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

The District reports the following fiduciary funds:

The District accounts for assets held by the District in a trustee capacity in private-purpose trust funds. These funds account for activities of the various scholarship accounts, the sole purposes of which are to award annual scholarships to deserving students as prescribed by donor stipulations.

The Student Activity Fund accounts for the monies authorized by Section 511 of the Public School Code of 1949 for school publications and organizations. The Student Activity Fund is a Custodial Fund which is separate from other custodial funds because of legal requirements. Custodial funds are also accounted for using the modified-accrual basis of accounting.

##### **D. Budgets and Budgetary Accounting**

An operating budget, prepared in accordance with the modified-accrual basis of accounting, is adopted for the General Fund prior to the beginning of each fiscal year. The General Fund is the only fund for which a budget is legally required. The Pennsylvania School Code dictates specific procedures relative to the adoption of the District's budget and reporting of its financial statements, specifically:

The District, before levying annual school taxes, is required to prepare an operating budget for the succeeding fiscal year.

The District is required to publish notice by advertisement, at least once in two newspapers of general circulation in the municipality in which it is located, and within fifteen days of final action, that the proposed budget has been prepared and is available for public inspection at the administrative office of the District.

Notice that public hearings will be held on the proposed operating budget must be included in the advertisement; such hearings are required to be scheduled at least ten days prior to when final action on adoption is taken by the Board.

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

## SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity

Cash and Cash Equivalents: For purposes of the Statement of Cash Flows presented for the proprietary fund, the District considers all highly-liquid investments with maturities of three months or less when purchased to be cash equivalents.

Investments: Investments are stated at fair value or at amortized costs, depending on the investment type, consistent with generally accepted accounting principles.

Allowance for Estimated Uncollectible Taxes: The allowance for estimated uncollectible taxes is based upon a historical estimate of delinquent taxes that will not be received within one year of the fiscal year-end. The portion of taxes receivable which is expected to be received within 60 days of June 30 is recorded as revenue in the current year. The remaining amount of taxes receivable which is expected to be received within one year from June 30 is recorded as delinquent property taxes. All other amounts in taxes receivable are written off as estimated uncollectible taxes.

Inventories: Inventories are presented at the lower of cost or market on a first-in, first-out basis, and are expensed when used.

A physical inventory of the Food Service Fund's food and supplies was taken as of June 30, 2022. The inventory consisted of government-donated commodities which were valued at their estimated fair market values, and purchased commodities and supplies, both of which were valued at cost using the first-in, first-out (FIFO) method. The District has adopted an inventory recordkeeping system which distinguishes between donated and purchased commodities. Accordingly, unearned revenue for donated commodities has been recorded.

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

Capital Assets and Depreciation: Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activity column in the government-wide financial statements. Per School Board Policy, capital assets with an original individual cost of \$4,000 or greater are capitalized, unless the assets are acquired by debt proceeds, in which case the assets must be capitalized. Management considers various factors in the capitalization of assets, including the assets' estimated useful lives, costs, and the extent to which the assets are part of larger capital projects. The District's capital assets include library books, classroom texts, computer equipment, classroom furniture, and other instructional equipment, subject to the on-going discretion of management. The costs of normal maintenance and repairs that do not add to the values of the assets or materially extend assets' lives are not capitalized.

## SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

##### Capital Assets and Depreciation (Continued):

Depreciation is provided for capital assets on the straight-line method over the estimated useful lives of the assets or groups of assets as determined by management.

Government-wide Statements: In the government-wide financial statements, depreciation of all exhaustible capital assets is recorded as a direct expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position.

Fund Financial Statements: In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the applicable governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for in the same manner as capital assets which are presented in the government-wide statements.

Deferred Outflows of Resources - Deferred Amounts on Refunding Debt: The District recognizes the difference between the re-acquisition price and the net carrying amount of the old debt as a deferred outflow and recognizes it as a component of interest expense over the remaining life of the old or new debt, whichever is shorter.

Deferred Outflows of Resources - Pensions and Other Post-Employment Benefits: The District recognizes deferred outflows of resources, which represent a consumption of net assets that is applicable to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time. The District has identified these items in subsequent notes to the financial statements

Long-Term Obligations: In the government-wide financial statements and the proprietary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable Statement of Net Position. Bond premiums and discounts are deferred and amortized over the lives of the bonds using the effective-interest method. Bonds payable are reported net of applicable bond premiums or discounts. Bond insurance is deferred as a prepaid expense and amortized over the lives of the bonds. Other issuance costs are expensed at the time the debt is issued.

In the fund financial statements, governmental-fund types recognize bond premiums and discounts during the current period. The face amount of the debt issued, and related premiums are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt-service expenditures.

# **SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

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### **Note 1. Summary of Significant Accounting Policies (Continued)**

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

Leases: A lease liability and an intangible right-to-use lease asset is recognized in the government-wide financial statements.

Individual lease liabilities with an initial, individual value of \$50,000 or more are recognized.

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

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Currently, the District does not have any material lease obligations and will not record their leases on the government wide statements. The District will reconsider if leases become material to the financial statements.

## SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 1. Summary of Significant Accounting Policies (Continued)**

Compensated Absences: Under the system of financial accounting and reporting for Pennsylvania School Systems, the District accrues certain accumulated employee benefits, such as unpaid vacation and sick pay. Calculation of this amount is determined by the appropriate vacation, sick, and retirement lump-sum payments which would be available to employees if they left or retired from the District. This calculation is adjusted for expected employee turnover rates. Accrued-benefit days, multiplied by appropriate salary amounts, are reflected as a long-term liability unless retirements are likely within the upcoming fiscal year. Those costs determined to be current year costs are reflected as a liability of the General Fund.

Post-Employment Benefits: In the government-wide financial statements, the District recognizes the costs and liabilities associated with post-employment benefits. The District provides retiree health, vision, dental and prescription drug coverage to eligible, retired employees and qualified spouses/beneficiaries. The District has estimated the cost of providing these benefits through an actuarial valuation.

The District also participates in a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) with Public School Employees' Retirement System (PSERS) for all eligible retirees who qualify and elect to participate. 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 PSERS and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.



## SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

##### Post-Employment Benefits (Continued):

The balances of the District's OPEB obligations and deferred outflow/inflow of resources at June 30, 2022, are as follows:

OPEB Obligations	Governmental Activities	Business- Type Activities	Total
PSERS Cost Sharing Plan - OPEB Liabilities (note 12)	\$ 1,044,000	\$ 30,000	\$1,074,000
District Plan - OPEB Liabilities (note 11)	1,136,606	-	1,136,606
Total	<u>\$ 2,180,606</u>	<u>\$ 30,000</u>	<u>\$2,210,606</u>
Deferred Outflows of Resources			
PSERS Cost Sharing Plan Liability	\$ 192,500	\$ 5,500	\$ 198,000
District OPEB Plan Liability	480,227	-	480,227
Total	<u>\$ 672,727</u>	<u>\$ 5,500</u>	<u>\$ 678,227</u>
Deferred Inflows of Resources			
PSERS Cost Sharing Plan Liability	\$ 73,000	\$ 2,100	\$ 75,100
District OPEB Plan Liability	1,508,865	-	1,508,865
Total	<u>\$ 1,581,865</u>	<u>\$ 2,100</u>	<u>\$1,583,965</u>

Pensions: 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 to 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.

## SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 1. Summary of Significant Accounting Policies (Continued)**

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

Interfund Transfers: Advances between funds that are not expected to be repaid are accounted for as transfers. In those cases when repayments are expected, the advances are accounted for through the various “due from” and “due to” accounts.

On fund financial statements, short-term, interfund loans are classified as interfund balances. These amounts are eliminated in the Statement of Net Position, except for amounts due between governmental and business-type activities, which are presented as internal balances.

Internal and Interfund Balances and Activities: In the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Deferred Inflows of Resources - Pensions and Other Post-Employment Benefits: The District recognizes deferred inflows of resources, which represent an acquisition of net assets that is applicable to a future reporting period and so will not be recognized as an inflow of resources (revenue) until that time. The District has identified these items in subsequent notes to the financial statements.

Deferred Inflows of Resources - Unearned Revenues: The District recognizes property tax revenues when they become available. Available includes those taxes expected to be collected within 60 days after year-end. Those property taxes expected to be collected 60 days after year end are shown as deferred revenue in the fund financial statements. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

## SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

Fund Balance: The District's fund balance classifications are defined and described as follows:

Non-spendable: Represents fund balance amounts that cannot be spent because they are not in a spendable form or are contractually required to be maintained intact.

Restricted: Represents fund balance amounts that are constrained for a specific purpose through restrictions of external parties, through constitutional provisions, or by enabling legislation.

Committed: Represents fund balance amounts that can only be used for specific purposes pursuant to the constraints imposed by formal action of the Board of School Directors, the District's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Board removes the constraints or changes the specified purpose through the same action used to commit the funds.

Assigned: Represents fund balance amounts that are constrained by the government's intent to use them for specific purposes but are neither restricted nor committed. Through Board policy, the Board has delegated the authority to express intent to the District's Business Manager.

Unassigned: Represents fund balance amounts that have not been restricted, committed, or assigned to specific purposes within the General Fund.

The District has a Board policy which prescribes fund balance guidelines. The District will strive to maintain an unassigned General Fund balance of not less than 5% and not more than 8 % of the budgeted expenditures for that fiscal year.

#### F. New Accounting Pronouncements

The following list reflects only those pronouncements initially effective in the current or upcoming reporting periods which based on our review, may be applicable to the District's reporting requirements.

Following are descriptions of significant pronouncements that were considered or initially selected during the year ended June 30, 2022:

GASB issued Statement No. 87, *Leases*, increases the usefulness of governments' financial statements by requiring recognition of certain lease 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. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021, per GASB No. 95, and earlier application is encouraged. The District has implemented this pronouncement in the current year.

## SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### F. New Accounting Pronouncements (Continued)

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period.

GASB Statement No. 92, *Omnibus 2020*, enhances comparability in accounting and financial reporting and improves consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of various GASB standards previously issued.

GASB Statement No. 93, *Replacement of Interbank Offered Rates* addresses accounting and financial reporting implications that result from the replacement of an IBOR.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, (1) increases consistency and comparability related to the reporting of fiduciary component units where a governing board does not exist and the primary government performs the duties that a governing board typically would perform; (2) mitigates costs associated with the reporting of certain defined contribution pension and OPEB plans and other employee benefit plans as fiduciary component units; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans that meet the definition of a pension plan.

The following are descriptions of accounting pronouncements which will be considered for implementation during subsequent fiscal years, with modified effective dates as established by GASB Statement No. 95:

GASB Statement No. 91, *Conduit Debt Obligations*, will be effective for the District beginning with its year ending June 30, 2023 (periods beginning after December 15, 2021). This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, will be effective for the District beginning with its year ending June 30, 2023 (fiscal periods beginning after June 15, 2022). This Statement improves financial reporting by addressing issues related to public-private and public-public partnerships.

# SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### F. New Accounting Pronouncements (Continued)

GASB Statement No. 96 *Subscription-Based Information Technology Arrangements*. The requirements for this Statement are effective for fiscal years beginning after June 15, 2022. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The District is currently evaluating what effect, if any, the adoption of GASB No. 96 will have on the District's financial statements.

GASB Statement No. 99, *Omnibus 2022 will be effective in fiscal years between June 30, 2022 and 2024*, depending on the topics addressed and their relation to other standards. This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

GASB Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*, will be effective for fiscal years beginning after June 15, 2023. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

GASB Statement No. 101, *Compensated Absences*, will be effective for fiscal years beginning after December 15, 2023. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. It requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

# **SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

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### **Note 1. Summary of Significant Accounting Policies (Continued)**

#### **G. Other**

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 expenditures or expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events: In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosures through December 28, 2022, the date the financial statements were available to be issued.

### **Note 2. Deposits and Investments**

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

- U.S. Treasury Bills.
- Short-term obligations of the U.S. Government or its agencies or its instrumentalities
- Deposits in savings accounts or time deposits or share accounts of institutions insured by either:
  1. The Federal Deposit Insurance Corporation (FDIC), or
  2. The Federal Savings and Loan Insurance Corporation (FSLIC), or
  3. The National Credit Union Share Insurance Fund (NCUSIF) to the extent that such accounts are so insured, and for any amounts above maximum insurable limits, provided that approved collateral as required by law shall be pledged by the depository.
- Obligations of (a) the United States of America or its agencies or instrumentalities backed by the full-faith and credit of the United States of America, and (b) the Commonwealth of Pennsylvania or instrumentalities thereof backed by the full-faith and credit of those political subdivisions.
- Shares of investment companies whose investments are restricted to the above categories.

The deposit and investment policies of the District adhere to state statutes and prudent business practices. There were no deposit or investment transactions during the year that violated either state statutes or District policies.

# SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### Note 2. Deposits and Investments (Continued)

#### Deposits: Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's investments may not be returned to it. A summary of the District's deposits, which include certificates of deposit, at June 30, 2022, are as follows:

	Carrying Amount	Bank Balance	Financial Institution
FDIC Insured	\$ 250,000	\$ 250,000	Community State Bank
FDIC Insured	250,000	250,000	F&M Trust
Uninsured and collateralized by assets maintained in conformity with Act 72	724,628	1,036,944	Community State Bank
Uninsured and collateralized by assets maintained in conformity with Act 72	1,382,951	1,382,951	F&M Trust
	<u>\$ 2,607,579</u>	<u>\$ 2,919,895</u>	

Act 72 of 1971, as amended, is an act standardizing the procedures for pledges of assets to secure deposits of public funds with banking institutions pursuant to other laws; establishing a standard rule for the types, amounts, and valuations of assets eligible to be used as collateral for deposits of public funds; permitting assets to be pledged against deposits on a pooled basis; and authorizing the appointment of custodians to act as pledgors of the assets.

#### Investments

As of June 30, 2022, the District had the following investments:

Investments	Credit Rating	Weighted- Average Maturities	Fair Values
Pennsylvania Local Government Investment Trust (PLGIT)			
PLGIT - Class Shares	AAAm	75 days	\$ 3,665,227
PLGIT PRIME	AAAm	61 days	2,930,034
			<u>\$ 6,595,261</u>

## **SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note 2. Deposits and Investments (Continued)**

##### Portfolio Assets

Certain external pool investments held by the District, based on portfolio maturity, quality, diversification, and liquidity measures, qualify for measurement at amortized cost at both the pool and the participating government levels consistent with GASB Statement No. 79. The District measures those investments, which include PLGIT - Class Shares, PLGIT/PLUS - Class Shares, PLGIT/I - Class Shares, and PLGIT PRIME at amortized cost.

The PLGIT fund invests primarily in U.S. Treasury and federal-agency securities and repurchase agreements secured by such obligations, as well as certain municipal obligations and collateralized or insured certificates of deposit. The fund maintains a weighted-average maturity to reset of 60 days or less.

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

The PLGIT/PLUS - Class Shares is an option, within the PLGIT fund, which requires a minimum investment of \$50,000, a minimum investment period of thirty (30 days) and has a premature withdrawal penalty. Dividends are paid quarterly.

The PLGIT/I - Class Shares is an option, within the PLGIT fund, in which the shares are invested and redeemed by the Investor only through PLGIT's Easy Online Network ("EON"), the Trusts' online account access system. This option requires a minimum initial investment of \$50,000 and limits redemptions or exchanges to two per calendar month. However, there is no minimum investment period.



## **SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note 2. Deposits and Investments (Continued)**

PLGIT/PRIME is a variable rate investment portfolio. This fund web-based option requires a minimum initial investment of \$50,000, and limits redemptions or exchanges to two per calendar month.

##### Weighted-Average Maturity

The weighted-average maturity (WAM) method expresses investment time horizons, the time when investments become due and payable, in years or months, weighted to reflect the dollar-size of individual investments within an investment type. WAMs are computed for each investment type. The portfolio's WAM is derived by dollar-weighting the WAM for each investment type.

##### Interest-Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair-value losses arising from increasing interest rates.

##### Credit Risk

As indicated above, Section 440.1 of the Public School Code of 1949, as amended, limits the composition of the District's investments, and the District has no investment policy that would further limit its investment choices.

##### Concentrations of Credit Risk

The District places no limit on the amounts invested in any one issuer. The District's investments in Pennsylvania Local Government Investment Trust (PLGIT) represent 100% of the District's total investments.

## SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 3. Taxes Receivable, Deferred Inflows of Resources, and Unearned Revenues**

A summary of taxes receivable and related accounts at June 30, 2022, is as follows:

	Amount
Taxes Receivable	\$ 458,099
Allowance for uncollectible taxes	(6,860)
Taxes Receivable - Net	<u>\$ 451,239</u>
Taxes to be collected within 60 days	\$ 192,716
Deferred inflows of resources - delinquent property taxes	258,523
Taxes Receivable - Net	<u>\$ 451,239</u>
Deferred Inflows of Resources - General Fund	
Delinquent property taxes	\$ 258,523
	<u>\$ 258,523</u>
Unearned Revenues - General Fund	
Federal Programs	\$ 158,332
Unearned Revenues - Food Service Fund	
Student deposits	\$ 10,628
Donated commodities	6,619
	<u>\$ 17,247</u>

#### **Note 4. Property Taxes**

Based upon assessed valuations provided by the County, elected, municipal tax collectors bill and collect property taxes on behalf of the District. Property taxes are levied on July 1st. Taxes are collected at a 2% discount until August 31<sup>st</sup>; at their face amounts from September 1st until October 31<sup>st</sup>; and include a 10% penalty thereafter. The County of Huntingdon collects delinquent real estate taxes for the District.

The District's tax rates for all purposes in 2021-2022 were 40.26 mills (\$40.26 per \$1,000 assessed valuation). Refunds on payments of prior-year taxes are classified as other debt-service items under the Commonwealth of Pennsylvania accounting system. Current tax collections for the District were approximately 89.85% of the total taxes levied.

As of June 30, 2022, the District does not offer any tax abatement programs.

## SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 5. Interfund Accounts

Individual fund receivable and payable balances at June 30, 2022, are as follows:

	Interfund Receivables	Interfund Payables
Major Governmental Fund - General	\$ 35,529	\$ -
Major Business-Type Fund - Food Service	-	35,529
	<u>\$ 35,529</u>	<u>\$ 35,529</u>

All interfund receivable/payable balances resulted from time lags between the dates that (1) interfund goods and services were provided or reimbursable expenditures occurred, (2) transactions were recorded in the accounting system, and (3) payments between funds were made. It is not expected that the amount due from the cafeteria to the general fund will be paid within one year, thus the amount is reflected as non-spendable fund balance in the general fund.

Transfers and payments within the District are substantially for purposes of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis. Resources are accumulated in a fund to support and simplify the administration of various projects or programs.

Operating transfer activity between funds for the year ended June 30, 2022, was as follows:

	Transfers In	Transfers Out
Major Governmental Fund - General	\$ -	\$ 1,600,000
Major Governmental Fund - Capital Projects	1,600,000	-
	<u>\$ 1,600,000</u>	<u>\$ 1,600,000</u>

#### Note 6. Food Service Fund Inventories

The composition of Food Service Fund inventories at June 30, 2022, is as follows:

	Amount
Materials and supplies	\$ 7,123
Purchased food	8,723
Donated food	6,619
	<u>\$ 22,465</u>

# SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### Note 7. Capital Assets

Capital asset activity for the year ended June 30, 2022, was as follows:

	July 1, 2021	Increases	Decreases	June 30, 2022
<b>Governmental Activities</b>				
Capital assets, not being depreciated				
Land	\$ 269,649	\$ -	\$ -	\$ 269,649
Construction-in-progress	1,167,075	1,452,249	-	2,619,324
Total capital assets not being depreciated	1,436,724	1,452,249	-	2,888,973
Capital assets, being depreciated				
Site improvements	1,021,419	-	-	1,021,419
Buildings and improvements	19,225,764	-	-	19,225,764
Furniture and equipment	3,798,395	239,203	-	4,037,598
Total capital assets being depreciated	24,045,578	239,203	-	24,284,781
Less accumulated depreciation				
Site improvements	759,620	28,705	-	788,325
Buildings and improvements	9,503,457	452,704	-	9,956,161
Furniture and equipment	3,495,173	134,804	-	3,629,977
Total accumulated depreciation	13,758,250	616,213	-	14,374,463
Total net capital assets being depreciated	10,287,328	(377,010)	-	9,910,318
Governmental Activities, Capital Assets - Net	\$ 11,724,052	\$ 1,075,239	\$ -	\$ 12,799,291
<b>Business-Type Activities</b>				
Capital assets, being depreciated				
Machinery and equipment	\$ 275,210	\$ -	\$ -	\$ 275,210
Less accumulated depreciation	(234,693)	(3,565)	-	(238,258)
Total Business-Type Activities, Capital Assets - Net	\$ 40,517	\$ (3,565)	\$ -	\$ 36,952

## SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 7. Capital Assets (Continued)

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

	Amount
Governmental Activities	
Instruction	\$ 443,320
Instructional student support	52,288
Administration and financial support	72,871
Operation and maintenance of plant services	34,721
Student activities	13,013
Total governmental activities	<u>616,213</u>
Business-Type Activities	
Food service	3,565
Total District	<u><u>\$ 619,778</u></u>

#### Note 8. Accrued Salaries and Benefits

Accrued salaries and benefits at June 30, 2022, consist of the following:

	Amount
Accrued salaries	\$ 522,748
Retirement	891,257
Social security	39,811
	<u><u>\$ 1,453,816</u></u>

Accrued salaries represent teachers' salaries earned during the 2021-2022 school year which will be paid subsequent to June 30, 2022. Accrued retirement represents the Public School Employees' Retirement contribution for the second quarter of calendar year 2022, including the portion pertaining to accrued salaries at June 30, 2022. Accrued social security represents the District's liability arising from accrued salaries at June 30, 2022.

# SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### Note 9. Long-Term Obligations

During the fiscal year ended June 30, 2022, long-term obligations changed as follows:

	July 1, 2021	Increase	Decrease	June 30, 2022	Due Within One Year
<b>Governmental Activities</b>					
General Obligation Notes -					
Series of 2015	\$ 820,000	\$ -	\$ 820,000	\$ -	\$ -
Compensated absences	328,696	-	28,205	300,491	-
Net pension liability	22,425,594	-	4,387,594	18,038,000	-
Other post-employment benefits	3,173,806	-	993,200	2,180,606	-
Total Long-Term Obligations	<u>\$ 26,748,096</u>	<u>\$ -</u>	<u>\$ 6,228,999</u>	<u>\$20,519,097</u>	<u>\$ -</u>
<b>Business-Type Activities</b>					
Compensated absences	\$ 1,375	\$ 620	\$ -	\$ 1,995	\$ -
Net pension liability	716,406	-	196,406	520,000	-
Other post-employment benefits	33,000	-	3,000	30,000	-
Total Long-Term Obligations	<u>\$ 750,781</u>	<u>\$ 620</u>	<u>\$ 199,406</u>	<u>\$ 551,995</u>	<u>\$ -</u>

General Obligation Note - Series of 2015 - On July 7, 2015, the District issued General Obligation Note in the principal amount of \$5,315,000. The proceeds were used to currently refund the District's General Obligation Bonds - Series of 2010 and to pay the costs and expenses related to the issuance of the 2015 Note. The economic gain on the current refunding of the 2010 bonds was \$146,795. The Note bears annual interest at 1.89%. Interest is payable semi-annually on April 1 and October 1, and the note matures serially in amounts ranging from \$670,000 to \$820,000, through October 1, 2021. Total interest paid on the Series of 2015 Note for the year ended June 30, 2022, this general obligation note was fully satisfied during the fiscal year.

The District is currently in compliance with all debt covenants of the outstanding bond issue. Those covenants include the following: The District shall include the annual debt service in its budget for the fiscal year, shall appropriate said annual debt service from its general revenues, and shall punctually cause the payment of the principal and interest of each of the bonds.

Compensated Absences - Under the terms of the District's employment policies, employees are granted sick and personal days per school year, and any unused sick and personal days are permitted to be carried over to future years. Upon retirement from the District, employees having completed ten years of service with the District are reimbursed for accumulated sick and personal days equal to the number of unused days multiplied by an amount per the employment contract. The total liability for accrued sick and personal leave and retirement bonuses has been reflected in the Statement of Net Position.

## SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 10. Defined-Benefit Pension Plan**

##### Plan Description

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

##### Benefits Provided

PSERS provides retirement, disability and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes: Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined 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 member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

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

# SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### Note 10. Defined-Benefit Pension Plan (Continued)

#### Contribution Rates

#### Member Contributions

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

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

#### Employer Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 2022, was 34.14% 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. Included in the District's contractually required contribution rate is the Act 5 contribution rate totaling an estimated .15 percent.

The District is required to pay the entire contribution and will be reimbursed by the Commonwealth in an amount equal to the Commonwealth's share as determined by the income aid ratio (as defined in Act 29 of 1994), which is at least one-half of the total District's rate. The District's contributions to the Plan, relating to pension benefits, for the year ended June 30, 2022, was \$2,329,417, and is equal to the required contribution for the year. For the year ended June 30, 2022, the District recognized gross retirement subsidy revenue from the Commonwealth in the amount of \$1,479,020.



## SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 10. Defined-Benefit Pension Plan (Continued)

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

At June 30, 2022, the District reported a liability of \$18,558,000 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, 2020 to June 30, 2021. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2022, the District's reported proportion was .00452 percent, which was an decrease of 0.0452 percent from its proportion reported as of June 30, 2021.

For the year ended June 30, 2022, the District recognized pension expense of \$970,000. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 14,000	\$ 244,000
Changes in assumptions	900,000	-
Net difference between projected and actual investment earnings	-	2,954,000
Changes in proportions		889,000
Difference between employer contributions and proportionate share of total contributions	-	3,000
Contributions subsequent to the measurement date	2,329,000	
	<u>\$ 3,243,000</u>	<u>\$ 4,090,000</u>

\$2,329,000 is reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending 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	Amount
2023	\$ (948,000)
2024	(696,000)
2025	(576,000)
2026	(956,000)
2027	-
Thereafter	-
	<u>\$ (3,176,000)</u>

## SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 10. Defined-Benefit Pension Plan (Continued)

##### 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 to June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation Date – June 30, 2021
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 7.00%, includes inflation at 2.50%.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the Total Pension Liability decreased from 7.25% as of June 30, 2020 to 7.00% as of June 30, 2021.

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 ended June 30, 2021.

##### Investments

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.

For the year ended June 30, 2022, the annual money weighted rate of return on pension plan investments, net of pension plan investment expense, was 24.58%. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

# SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### Note 10. Defined-Benefit Pension Plan (Continued)

#### Investments (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	27.0%	5.2%
Fixed income	12.0%	7.3%
Commodities	35.0%	1.8%
Absolute return	10.0%	2.0%
Risk parity	8.0%	3.1%
Infrastructure/MLPs	8.0%	5.1%
Real estate	10.0%	4.7%
Cash	3.0%	0.1%
Financing (LIBOR)	-13.0%	0.1%
	<u>100.0%</u>	

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

#### Discount Rate

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

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

The following presents the District's proportionate share of the net pension liability, calculated using the discount rate of 7.00%, as well as what the District's proportionate share of 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 discount rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	\$ 24,358,000	\$ 18,558,000	\$ 13,665,000

## **SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note 10. Defined-Benefit Pension Plan (Continued)**

##### Pension Plan Fiduciary Net Position

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

##### Plan Payables

At June 30, 2022, the District reported a payable to PSERS of \$805,332, which represents the employer contributions owed to the pension plan .

#### **Note 11. Other Post-Employment Benefits - Single Employer District Plan**

Plan Description - Southern Huntingdon County School District administers a single-employer, defined-benefit healthcare plan. The plan provides medical benefits to eligible retirees and their spouses through the District's group health insurance plan, which covers both active and retired members. Benefit provisions are established through retirement-incentive negotiations between the District and the union representing District instructional staff employees. Retired employees are allowed to continue coverage for themselves and their dependents in the employer's group-health plan until the retired employees reach Medicare age. Employees are eligible upon retirement with 30 years of PSERS service or upon superannuation retirement (PSERS members prior to July 1, 2011, who are age 60 with 30 years of service, age 62 with one year of service, or 35 years of service regardless of age. PSERS members after July 1, 2011, who are age 65 with three years of service or upon attainment of a total combination of age plus service equal to or greater than 92 with a minimum of 35 years of service). As of the last valuation date, the plan has 109 active participants and 16 retired participants. The plan does not issue a publicly available financial report.

Funding Policy - Contribution requirements are negotiated between the District and the union representing instructional-staff employees. Retired employees are responsible for payments equal to the premium determined by the District plan. The District funds the plan on a pay-as-you-go basis, and there is no obligation to make contributions in advance of when the insurance premiums or claims are due for payment.

## SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 11. Other Post-Employment Benefits - Single Employer District Plan (Continued)

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

At June 30, 2022, the District reported a liability of \$1,136,606 for the total OPEB liability. The total OPEB liability was measured as of July 1, 2021, and was determined by an actuarial valuation as of July 1, 2021. The OPEB liability is composed of the following:

	Amount
Total OPEB Liability, beginning	\$ 2,190,807
Service cost	60,871
Interest	74,994
Differences between expected and actual experience	(869,103)
Changes of assumptions	(163,912)
Estimated Benefit payments	(157,051)
Net changes	(1,054,201)
Total OPEB Liability, ending	<u>\$ 1,136,606</u>

## SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 11. Other Post-Employment Benefits - Single Employer District Plan (Continued)

For the year ended June 30, 2022, the District recognized OPEB expense of \$69,472. At June 30, 2022, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ -	\$ 1,321,847
Changes in assumptions	409,756	187,018
Benefit payments subsequent to the measurement date	70,471	-
	<u>\$ 480,227</u>	<u>\$ 1,508,865</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$70,471, resulting from District benefit payments subsequent to the measurement date, and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year	Total
2023	\$ (66,394)
2024	(66,394)
2025	(66,394)
2026	(79,418)
2027	(142,969)
Thereafter	(677,540)
	<u>\$ (1,099,109)</u>

## SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 11. Other Post-Employment Benefits - Single Employer District Plan (Continued)

##### Actuarial Assumptions

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

- General Inflation Rate – 2.5% less than the ultimate healthcare trend rate
- Salary Increases - An annual rate of 2.5% cost of living adjustment, 1% real wage growth, and for teacher and administrators a merit increase which varies by age from 2.75% to 0%
- Discount Rate – 2.28%. Based on S&P Municipal Bond 20-year High Grade Rate Index at July 1, 2021
- Actuarial Cost Method – Entry Age Normal, Level Percent Pay
- Health care cost trend rate - 5.5% in 2021 through 2023. Rates gradually decrease from 5.4% in 2024 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model
- Actuarial value of assets - Equal to the market value of assets.
- Retirees' Share of Benefit-Related Costs – Retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate.
- Mortality rates are separate and assumed pre-retirement and postretirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation. Incorporated into the table are rates projected generationally by the Buck Modified 2016 projection scale to reflect mortality.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period ended July 1, 2021.

##### Sensitivity of the District's Total OPEB liability to Changes in Discount Rate and Health Care Trend Rate

The following presents the total OPEB liability of the District calculated using the discount rate of 2.28%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.28%) or one percentage higher (3.28%) than the current rate:

	1% Decrease 1.28%	Current Discount Rate 2.28%	1% Increase 3.28%
District's proportionate share of the total OPEB liability	\$ 1,215,241	\$ 2,190,806	\$ 2,014,425

## SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 11. Other Post-Employment Benefits - Single Employer District Plan (Continued)

The following presents the total OPEB liability of the District calculated using the health care cost trend rate (5.50% to 4.00%), as well as what the total OPEB liability would be if it were calculated using a health care cost trend rate that is one-percentage point lower or one-percentage point higher than the current rate:

	1% Decrease	Health Care Cost Trend Rates	1% Increase
District's proportionate share of the total OPEB liability	\$ 1,017,026	\$ 1,136,607	\$ 1,278,829

#### Note 12. Other Post-Employment Benefits - PSERS Cost Sharing Plan

##### Plan Description

PSERS administers a defined benefit pension plan, and two post-employment healthcare programs, the Health Insurance Premium Assistance Program (Premium Assistance) and the Health Options Program (HOP) for its retirees. The HOP is a PSERS sponsored voluntary health insurance program for the sole benefit of PSERS retirees, spouses of retirees, and survivor annuitants and their dependents who participate in HOP. The HOP is funded exclusively by the premiums paid by its participants for the benefit coverage they elect.

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other post-employment 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.

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

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program

##### 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, 2022, there were no assumed future benefit increases to participating eligible retirees.



## SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 12. Other Post-Employment Benefits - PSERS Cost Sharing Plan (Continued)

##### Employer Contributions

The Districts' contractually required contribution rate for the fiscal year ended June 30, 2022, was 0.80% 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 \$54,586 for the year ended June 30, 2022.

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

At June 30, 2022, the District reported a liability of \$1,074,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, 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, 2020 to June 30, 2021. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2022, the District's reported proportion was .0453 percent, which was a decrease of .0017 percent from its proportion reported as of June 30, 2021.

For the year ended June 30, 2022, the District recognized OPEB expense of \$59,100. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,000	\$ -
Changes in assumptions	114,000	14,000
Changes in proportion	17,000	60,000
Net difference between projected and actual investment earnings	2,000	-
Difference between employer contributions and proportionate share of total contributions	-	1,100
Contributions subsequent to the measurement date	55,000	-
	<u>\$ 198,000</u>	<u>\$ 75,100</u>

## SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 12. Other Post-Employment Benefits - PSERS Cost Sharing Plan (Continued)

\$55,000 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 ending 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	Total
2023	\$ 12,600
2024	12,800
2025	11,800
2026	12,800
2027	8,900
Thereafter	9,000
	<u>\$ 67,900</u>

#### 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:

- Valuation Date – June 30, 2020
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 2.18% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 4.5%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
  - Eligible retirees will elect to participate Pre age 65 at 50%
  - Eligible retirees will elect to participate Post age 65 at 70%
- The discount rate used to measure the total OPEB liability decreased from 2.66% as of June 30, 2020 to 2.18% as of June 30, 2021

## SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 12. Other Post-Employment Benefits - PSERS Cost Sharing Plan (Continued)

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

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2019, determined the employer contribution rate for fiscal year 2021..
- 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.

#### Investments

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.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	79.8%	0.1%
Fixed Income	17.5%	0.7%
Non-US Developed Fixed	2.7%	-0.3%
	<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 of June 30, 2022.

## SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 12. Other Post-Employment Benefits - PSERS Cost Sharing Plan (Continued)

##### Discount Rate

The discount rate used to measure the Total OPEB Liability was 2.18%. Under the plan's funding policy, contributions are structured for short-term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 2.18% 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 District's proportionate share of the net OPEB liability to changes in the discount rate

The following presents the District's proportionate share of the net OPEB liability, calculated using the discount rate of 2.66%, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.66%) or one percentage point higher (3.66%) than the current discount rate:

	1% Decrease 1.18%	Current Discount Rate 2.18%	1% Increase 3.18%
District's proportionate share of the net OPEB liability	\$ 1,233,000	\$ 1,074,000	\$ 943,000

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

The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates (between 5% to 7%) that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
System net OPEB liability	\$ 1,074,000	\$ 1,074,000	\$ 1,074,000

##### OPEB Plan Fiduciary Net Position

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

##### Plan Payables

At June 30, 2022, the District reported a payable to PSERS of \$18,871, which represents the employer contributions owed to the OPEB plan.

## **SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note 13. Affiliates**

The District is affiliated with the Tuscarora Intermediate Unit #11 (TIU#11) and Huntingdon County Career and Technology Center (HCCTC). The member school districts participate in providing oversight responsibility to the TIU#11 and HCCTC through appointment of Board members who are also Board members of the participating school districts and approval and funding of operating budgets.

Southern Huntingdon County School District is a member of the Tuscarora Intermediate Unit #11. The Tuscarora Intermediate Unit #11 Board members consist of nine members from nine school districts in the region. The members are appointed to the TIU #11 Board by the member districts' Board of School Directors. Through this membership, the District is able to secure various special services, including special education, curriculum development, technology services, and certain internal-service functions. The District paid \$175,276, to the Tuscarora Intermediate Unit #11 for the year 2021-2022.

Southern Huntingdon County School District is served by the Huntingdon County Career and Technology Center (HCCTC). The District is one of four member School Districts participating in the operation of HCCTC. HCCTC is operated, administered, and managed by a joint-operating committee consisting of board members from the four member School Districts. Students of the District are offered courses and curriculums at the Center that are related to various technical-training fields. Costs of the Center are shared with other local School Districts. The District paid \$576,735 as its share to the Huntingdon County Career and Technology Center for the year 2021-2022.

Complete financial statements for each of the entities listed above can be obtained from their respective administrative offices.

#### **Note 14. Participation in the Huntingdon County Schools' Insurance Trust**

Southern Huntingdon County School District participates in an insurance trust, which was established to purchase health and medical insurance coverage and dental and vision coverage from Blue Cross of Western Pennsylvania and Pennsylvania Blue Shield. Dental and vision coverage is purchased on a cost-plus plan in an effort to contain and limit the cost of such coverage, while establishing a Premium Stabilization Fund which will be used to pay settlement charges, and ultimately, to contain such coverage costs. Since charges are currently being levied and paid by Southern Huntingdon County School District, no receivable or payable to the Trust has been reflected in these financial statements. As a result, Southern Huntingdon County School District has expensed all premiums paid through June 30, 2022.

## **SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note 15. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets and errors or omissions. Significant losses are covered by commercial insurance for all major programs. For insured programs, there have been no significant reductions in settlement coverage. Settlement amounts have not exceeded insurance coverage for the current or three prior years. During the year ended June 30, 2022, the District did not incur any significant losses that were not covered by insurance.

#### **Note 16. Commitments**

Grant Programs: The District participates in both state and federally assisted grant programs. These programs are subject to program compliance audits by grantors or their representatives. The District is potentially liable for any expenditures, which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance, which would result in the disallowance of program expenditures.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION -**

**SCHEDULES OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS -**

**DISTRICTS SINGLE EMPLOYER PLAN**

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

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Total OPEB liability</b>					
Service cost	\$ 60,871	\$ 63,198	\$ 97,694	\$ 106,959	\$ 92,519
Interest	74,995	75,436	83,534	83,065	84,679
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(869,103)	-	(578,132)	-	(268,540)
Changes in assumptions	(163,912)	-	(51,219)	-	944,691
Benefit payments	(157,051)	(143,101)	(184,468)	(155,079)	(169,761)
Other Changes	-	-	-	-	-
<b>Net change in total OPEB liability</b>	<b>(1,054,200)</b>	<b>(4,467)</b>	<b>(632,591)</b>	<b>34,945</b>	<b>683,588</b>
<b>Total OPEB Liability - beginning</b>	<b>2,190,806</b>	<b>2,195,273</b>	<b>2,827,865</b>	<b>2,792,922</b>	<b>2,109,334</b>
<b>Total OPEB Liability - ending</b>	<b>\$1,136,606</b>	<b>\$2,190,806</b>	<b>\$2,195,274</b>	<b>\$2,827,867</b>	<b>\$2,792,922</b>
<b>Covered payroll</b>	<b>\$5,397,195</b>	<b>\$5,362,637</b>	<b>\$5,231,841</b>	<b>\$5,985,520</b>	<b>\$5,839,532</b>
<b>Net OPEB liability as a percentage of covered payroll</b>	<b>21.06%</b>	<b>40.85%</b>	<b>41.96%</b>	<b>47.25%</b>	<b>47.83%</b>

**Notes to Schedule:**

For the fiscal year ended June 30, 2022:

Changes in assumptions: The discount rate changed from 3.50% to 2.28%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS assumptions.

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.



**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION -**

**SCHEDULES OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY -**

**PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM**

<b>For the Fiscal Year Ended June 30</b>	<b>District's Proportion of the Net OPEB Liability</b>	<b>District's Proportionate Share of the Net OPEB Liability</b>	<b>District's Covered Payroll</b>	<b>District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>
2022	0.0453%	\$ 1,074,000	\$ 6,423,937	16.72%	5.30%
2021	0.0470%	\$ 1,016,000	\$ 6,596,188	15.40%	5.69%
2020	0.0480%	\$ 1,021,000	\$ 6,616,379	15.43%	5.56%
2019	0.0480%	\$ 1,001,000	\$ 6,466,592	15.48%	5.56%
2018	0.0496%	\$ 1,011,000	\$ 6,601,057	15.32%	5.73%

The amounts presented for each fiscal year were determined as of the measurement date, which is one year prior to the fiscal year-end.

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.

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION -  
SCHEDULES OF DISTRICT'S OPEB CONTRIBUTIONS -  
PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM**

<b>For the Fiscal Year Ended June 30</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to the Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>District's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2022	\$ 54,586	\$ (54,586)	\$ -	\$ 6,423,937	0.85%
2021	\$ 52,679	\$ (52,679)	\$ -	\$ 6,596,188	0.80%
2020	\$ 55,264	\$ (55,264)	\$ -	\$ 6,616,379	0.84%
2019	\$ 54,639	\$ (54,639)	\$ -	\$ 6,466,592	0.84%
2018	\$ 53,280	\$ (53,280)	\$ -	\$ 6,601,057	0.81%

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.

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION -  
SCHEDULES OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -  
PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM**

<b>For the Fiscal Year Ended June 30</b>	<b>District's Proportion of the Net Pension Liability</b>	<b>District's Proportionate Share of the Net Pension Liability</b>	<b>District's Covered Payroll</b>	<b>District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2022	0.0452%	\$ 18,558,000	\$ 6,423,937	288.89%	63.67%
2021	0.0470%	\$ 23,142,000	\$ 6,596,188	350.84%	54.32%
2020	0.0480%	\$ 22,456,000	\$ 6,616,379	339.40%	55.66%
2019	0.0480%	\$ 23,042,000	\$ 6,466,592	356.32%	54.00%
2018	0.0496%	\$ 24,497,000	\$ 6,601,057	371.11%	51.84%
2017	0.0468%	\$ 23,193,000	\$ 6,064,133	382.46%	50.14%
2016	0.0490%	\$ 21,224,000	\$ 6,307,703	336.48%	54.36%
2015	0.0490%	\$ 21,224,000	\$ 6,307,703	336.48%	57.24%

The amounts presented for each fiscal year were determined as of the measurement date, which is one year prior to the fiscal year end.

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.

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION -  
SCHEDULES OF DISTRICT'S PENSION CONTRIBUTIONS -  
PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM**

<b>For the Fiscal Year Ended June 30</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to the Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>District's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2022	\$ 2,329,417	\$ (2,329,417)	\$ -	\$ 6,423,973	36.26%
2021	\$ 2,153,069	\$ (2,153,069)	\$ -	\$ 6,596,188	32.64%
2020	\$ 2,194,766	\$ (2,194,766)	\$ -	\$ 6,616,379	33.17%
2019	\$ 2,146,069	\$ (2,146,069)	\$ -	\$ 6,466,592	33.19%
2018	\$ 2,037,464	\$ (2,037,464)	\$ -	\$ 6,601,057	30.87%
2017	\$ 1,885,863	\$ (1,885,863)	\$ -	\$ 6,599,623	28.58%
2016	\$ 1,524,302	\$ (1,524,302)	\$ -	\$ 6,045,074	25.22%
2015	\$ 1,524,302	\$ (1,524,302)	\$ -	\$ 6,045,074	25.22%

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.

## **SUPPLEMENTARY INFORMATION**

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

Board of School Directors  
Southern Huntingdon County School District  
Three Springs, 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 activity, each major fund, and the aggregate remaining fund information of Southern Huntingdon County School District (District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 9, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 District's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.


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

## **Report on Compliance and Other Matters**

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

## **Purpose of this Report**

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

A handwritten signature in cursive script that reads "Boyer & Fitter". The signature is written in black ink and is centered on the page.

State College, Pennsylvania  
December 28, 2022

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

Board of School Directors  
Southern Huntingdon County School District  
Three Springs, Pennsylvania

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

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

We have audited Southern Huntingdon County School District's (District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The 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, the District's complied, in all material respects, with the 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, 2022.

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

We are required to be independent of the 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 the District's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the 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 the 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the 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 the 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2022-001. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The District is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The District's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

## 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.

A handwritten signature in cursive script, reading "Boyer & Ritter". The signature is written in black ink and is positioned centrally on the page.

State College, Pennsylvania  
December 28, 2022

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2022**

---

**Section I -- Summary of Auditor's Results**

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**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified?        Yes   X   No
- Significant deficiencies?        Yes   X   None reported

Noncompliance material to financial statements noted?

       Yes   X   No

**Federal Awards**

Internal control over major programs:

- Material weaknesses identified?        Yes   X   No
- Significant deficiencies?   X   Yes        None reported

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

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

Identification of the major program:

C.F.D.A. Numbers	Name of Federal Program
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs

\$750,000

Auditee qualified as low-risk auditee?

  X   Yes        No

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2022**

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**Section II--Financial Statement Findings**

---

A. Significant Deficiencies in Internal Control

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

B. Compliance Findings

There were no findings relating to the Financial Statement audit required to be reported.

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

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A. Significant Deficiencies in Internal Control

Education Stabilization Fund

CFDA # 84.425

Grant Period: 2021-22

U.S. Department of Education

Pass-Through Entity: Pennsylvania Department of Education

Finding 2022-001 - Allowable Costs/Cost Principles

Criteria: If a school operating a schoolwide program does not consolidate federal funds with state and local funds in a consolidated schoolwide pool, an employee who works, in whole or in part, on a federal program or cost objective must document time and effort as follows:

For an employee who works on multiple activities or cost objectives (e.g., in part on a federal program whose funds have not been consolidated in a consolidated schoolwide pool and in part on federal programs supported with funds consolidated in a schoolwide pool or on activities that are not part of the same cost objective), an LEA must maintain time and effort distribution records in accordance with 2 CFR section 200.430(i)(1)(vii) that support the portion of time and effort dedicated to:

- (i) The federal program or cost objective; and
- (ii) Each other program or cost objective supported by consolidated federal funds or other revenue sources.

Condition: A sample of 40 payroll transactions were selected for testing. There were no time and effort distribution records maintained to support the portion of time and effort dedicated to each funding source.

See Section III.B. Compliance Findings for further details.

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2022**

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

---

**B. Compliance Findings**

**Education Stabilization Fund**

CFDA # 84.425

Grant Period: 2021-22

U.S. Department of Education

Pass-Through Entity: Pennsylvania Department of Education

**Finding 2022-001 - Allowable Costs/Cost Principles**

Criteria: If a school operating a schoolwide program does not consolidate federal funds with state and local funds in a consolidated schoolwide pool, an employee who works, in whole or in part, on a federal program or cost objective must document time and effort as follows:

For an employee who works on multiple activities or cost objectives (e.g., in part on a federal program whose funds have not been consolidated in a consolidated schoolwide pool and in part on federal programs supported with funds consolidated in a schoolwide pool or on activities that are not part of the same cost objective), an LEA must maintain time and effort distribution records in accordance with 2 CFR section 200.430(i)(1)(vii) that support the portion of time and effort dedicated to:

- (i) The federal program or cost objective; and
- (ii) Each other program or cost objective supported by consolidated federal funds or other revenue sources.

Condition: A sample of 40 payroll transactions were selected for testing. There were no time and effort distribution records maintained to support the portion of time and effort dedicated to each funding source.

Cause: The individual responsible for the federal program was not aware of the requirement to maintain time and effort documentation.

Effect: The District receives federal funding based on allowable costs charged to the program. If documentation is not maintained to support the allowability of costs charged to the program, the District may be utilizing the funds for expenses which are unallowable. This may result in the return of federal funds to the funding agency for the unallowable costs, if deemed appropriate.

Questioned Costs: Salary and benefits of employee - \$12,267.41

Repeat Finding: No

Context: Lack of time and effort distribution records.

Recommendations: We recommend that controls be reviewed and revised to ensure that time and effort distribution records are prepared for staff who are charged to federal programs. These records should also be reviewed, approved, and maintained by administrative personnel.

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2022**

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

---

B. Compliance Findings (Continued)

Views of responsible officials and planned corrective actions: Hillary Lamber, Business Manager is the responsible official for the Education Stabilization Fund grant. She was unaware of the required time and effort documentation that was needed to support employee's payroll allocation.

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Year Ended June 30, 2022**

Grantor/Program Title	Source Code	Assistance Listing Number	Pass Through Grantor's Number	Grant Period	Program or Annual Award	Total Received (Refunded) in Fiscal Year	Accrued (Deferred) Revenue at 7/1/2021	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue at 6/30/2022	Amount Passed Through to Subrecipients
<b>U.S. Department of Education</b>											
Passed Through Pennsylvania Department of Education											
Title I Grants to Local Educational Agencies	I	84.010	013-21-0406	20-21	\$ 316,670	\$ 60,908	\$ 57,071	\$ 3,837	\$ 3,837	\$ -	\$ -
Title I Grants to Local Educational Agencies	I	84.010	013-22-0406	21-22	297,913	256,048	-	297,913	297,913	41,865	-
						316,956	57,071	301,750	301,750	41,865	-
Title II- Supporting Effective Instruction State Grants	I	84.367	020-21-0406	20-21	44,423	(902)	(902)	-	-	-	-
Title II- Supporting Effective Instruction State Grants	I	84.367	020-22-0406	21-22	34,749	34,749	-	34,749	34,749	-	-
						33,847	(902)	34,749	34,749	-	-
Title IV - Student Support and Academic Enrichment Program	I	84.424	144-22-0406	21-22	23,093	23,080	-	23,093	23,093	13	-
COVID- 19 Elementary and Secondary Emergency Relief II	I	84.425D	200-21-0406	20-23	1,133,987	1,133,987	39,000	945,438	945,438	(149,549)	-
COVID- 19 American Rescue Plan Elementary and Secondary Emergency Relief III	I	84.425U	223-21-0406	20-24	2,293,728	166,817	54,489	484,697	484,697	372,369	-
COVID- 19 Governor's Emergency Relief Fund (a TSI)	I	84.425C	254-20-0406	19-20	36,855	3,879	(3,405)	7,284	7,284	-	-
COVID- 19 American Rescue Plan Elementary & Secondary School Emergency Relief 2.5% State Reserve (a TSI)	I	84.425U	254-21-0406	21-23	34,033	1,238	-	7,445	7,445	6,207	-
COVID- 19 American Rescue Plan Elementary & Secondary School Emergency Relief 7% Set Aside Summer School	I	84.425U	225-21-0406	21-22	25,468	1,389	-	21,582	21,582	20,193	-
COVID- 19 American Rescue Plan Elementary & Secondary School Emergency Relief 7% Set Aside After School	I	84.425U	225-21-0406	21-22	25,468	1,389	-	-	-	(1,389)	-
COVID- 19 American Rescue Plan Elementary & Secondary School Emergency Relief 7% Set Aside Learning Loss	I	84.425U	225-21-0406	21-22	127,339	6,946	-	-	-	(6,946)	-
COVID- 19 American Rescue Plan Elementary & Secondary School Emergency Relief Homeless Children & Youth	I	84.425W	181-21-2597	21-22	5,828	448	-	-	-	(448)	-
						1,316,093	90,084	1,466,446	1,466,446	240,437	-

(Continued)

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**

**Year Ended June 30, 2022**

Grantor/Program Title	Source Code	Assistance Listing Number	Pass Through Grantor's Number	Grant Period	Program or Annual Award	Total Received (Refunded) in Fiscal Year	Accrued (Deferred) Revenue at 7/1/2021	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue at 6/30/2022	Amount Passed Through to Subrecipients
<b>U.S. Department of Education (Continued)</b>											
Passed Through Pennsylvania Department of Education (Continued)											
COVID-19 Special Education - Grants to States - Impact Mitigation Grant (SECIM)	I	84.027	252-20-0406	19-20	5,000	1,667	(733)	2,400	2,400	-	-
Total Passed through the Pennsylvania Department of Education						1,691,643	145,520	1,828,438	1,828,438	282,315	-
Passed through Pennsylvania Commission on Crime and Delinquency											
COVID-19 Elementary and Secondary Emergency Relief (SHS)	I	84.425D	35426	20-21	30,507	7,155	7,155	-	-	-	-
Passed through Lancaster-Lebanon Intermediate Unit #13											
Special Education - Grants to States	I	84.027	062-22-0033	21-22	10,000	10,000	-	10,000	10,000	-	-
Passed Through Tuscarora Intermediate Unit #11											
Special Education - Grants to States	I	84.027	062-22-0011	21-22	240,479	240,479	-	240,479	240,479	-	-
COVID-19 Special Education - Grants to States	I	84.027X	062-22-0011	21-22	54,980	54,980	-	54,980	54,980	-	-
Special Education - Preschool Grants	I	84.173	H173A220090	21-22	4,635	4,635	-	4,635	4,635	-	-
Total passed through Tuscarora Intermediate Unit #11						300,094	-	300,094	300,094	-	-
<b>Total U.S. Department of Education</b>						2,008,892	152,675	2,138,532	2,138,532	282,315	-
<b>U.S. Department of Health and Human Services</b>											
Passed through Pennsylvania Department of Human Services											
Medicaid Cluster											
Medical Assistance Program	I	93.778	N/A	21-22	3,823	3,823	-	3,823	3,823	-	-
<b>Total Medicaid Cluster</b>						3,823	-	3,823	3,823	-	-
<b>Total U.S. Department of Health and Human Services</b>						3,823	-	3,823	3,823	-	-

(Continued)



**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**Year Ended June 30, 2022**

Grantor/Program Title	Source Code	Assistance Listing Number	Pass Through Grantor's Number	Grant Period	Program or Annual Award	Total Received (Refunded) in Fiscal Year	Accrued (Deferred) Revenue at 7/1/2021	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue at 6/30/2022	Amount Passed Through to Subrecipients
<b>U.S. Department of Agriculture</b>											
Passed Through Pennsylvania Department of Education											
National School Lunch Program	I	10.555	N/A	20-21	N/A	11,732	11,732	-	-	-	-
National School Lunch Program	I	10.555	N/A	21-22	N/A	3,204	-	3,204	3,204	-	-
National School Lunch Program	I	10.555	N/A	21-22	N/A	552,757	-	555,362	555,362	2,605	-
School Breakfast Program	I	10.553	N/A	20-21	N/A	7,008	7,008	-	-	-	-
School Breakfast Program	I	10.553	N/A	21-22	N/A	177,434	-	178,599	178,599	1,165	-
COVID- 19 National School Lunch Program - Supply Chain Assistance	I	10.555	N/A	21-22	26,453	26,453	-	26,453	26,453	-	-
COVID- 19 National School Lunch Program - SNP Emergency Operating Costs	I	10.555	N/A	21-22	4,472	4,472	-	4,472	4,472	-	-
Child Nutrition Discretionary Grants	I	10.579	FSE- 20- 0037	20- 21	17,888	17,888	17,888	-	-	-	-
COVID- 19 Pandemic EBT Administrative Costs	I	10.649	N/A	21-22	614	614	-	614	614	-	-
Total passed through Pennsylvania Department of Education						801,562	36,628	768,704	768,704	3,770	-
Passed through Pennsylvania Department of Agriculture											
Food Donation	I	10.555	2-05- 31- 750	20- 21	N/A	-	(9,931)	9,931	9,931	-	-
Food Donation	I	10.555	2-05- 31- 750	21-22	N/A	42,207	-	35,288	35,288	(6,919)	-
Total passed through Pennsylvania Department of Agriculture						42,207	(9,931)	45,219	45,219	(6,919)	-
<b>Total U.S. Department of Agriculture</b>						843,769	26,697	813,923	813,923	(3,149)	-
<b>Total Expenditures of Federal Awards</b>						\$ 2,856,484	\$ 179,372	\$ 2,956,278	\$ 2,956,278	\$ 279,166	\$ -
Special Education Cluster (Assistance Listing Numbers 84.027 and 84.073)						\$ 311,761	\$ (733)	\$ 312,494	\$ 312,494	\$ -	\$ -
Education Stabilization Fund (Assistance Listing Number 84.425)						\$ 1,323,248	\$ 97,239	\$ 1,466,446	\$ 1,466,446	\$ 240,437	\$ -
Child Nutrition Cluster (Assistance Listing Numbers 10.553 and 10.555)						\$ 825,267	\$ 8,809	\$ 813,309	\$ 813,309	\$ (3,149)	\$ -
Source Codes:											
D - Direct Funding											
I - Indirect Funding											
See Notes to Schedule of Expenditures of Federal Awards.											

## **SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT**

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

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#### **Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Southern Huntingdon County School District under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Southern Huntingdon County School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of Southern Huntingdon County School District.

#### **Note 2. Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Revenue is recognized when earned, and expenses are recognized when incurred. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

#### **Note 3. Sub-recipients**

With respect to the federal expenditures presented in the Schedule, Southern Huntingdon County School District did not provide any federal awards to sub-recipients.

#### **Note 4. Indirect Cost**

Southern Huntingdon County School District has not elected to use the ten percent de minimis indirect cost rate, as allowed under the Uniform Guidance.

## **SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT**

### **SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS Year Ended June 30, 2022**

---

#### **Compliance Findings**

##### **Significant Deficiency**

###### Special Education Cluster

CFDA # 84.027 and 84.173

Grant Period: 2020-21

U.S. Department of Education

Pass-Through Entity: Tuscarora Intermediate Unit #11

###### Finding 2021-001 - Allowable Costs/Cost Principles

Criteria: If a school operating a schoolwide program does not consolidate federal funds with state and local funds in a consolidated schoolwide pool, an employee who works, in whole or in part, on a federal program or cost objective must document time and effort as follows:

For an employee who works on multiple activities or cost objectives (e.g., in part on a federal program whose funds have not been consolidated in a consolidated schoolwide pool and in part on federal programs supported with funds consolidated in a schoolwide pool or on activities that are not part of the same cost objective), an LEA must maintain time and effort distribution records in accordance with 2 CFR section 200.430(i)(1)(vii) that support the portion of time and effort dedicated to:

- i. The federal program or cost objective; and
- ii. Each other program or cost objective supported by consolidated federal funds or other revenue sources.

Condition: A sample of nine payroll transactions were selected for testing. One staff member's pay was charged 80% to federal IDEA funds and 20% to state and local funds. There was no time and effort distribution records maintained to support the portion of time and effort dedicated to each funding source.

Context: Lack of time and effort distribution records.

Cause: Due to staff turnover during the year, the District neglected to maintain the required documentation.

Effect: The District receives federal funding based on allowable costs charged to the program. If documentation is not maintained to support the allowability of costs charged to the program, the District may be utilizing the funds for expenses which are unallowable. This may result in the return of federal funds to the funding agency for the unallowable costs, if deemed appropriate.

Recommendations: We recommend that controls be reviewed and revised to ensure that time and effort distribution records are prepared for staff who are charged to federal programs. These records should also be reviewed, approved, and maintained by administrative personnel.

Current Status: Finding Resolved. The District maintains time and effort distribution records for IDEA funds. Corrected for Special Education Cluster.

**Southern Huntingdon County School District**

10339 Pogue Road • Three Springs, PA 17264-9730  
(814) 447-5529 • FAX (814) 447-3967



**CORRECTIVE ACTION PLAN  
YEAR ENDED JUNE 30, 2022**

Southern Huntingdon County School District submits the following corrective action plan in response to the finding listed in Section III of the Schedule of Findings and Questioned Costs for Federal Awards for the year ended June 30, 2022:

Significant Deficiency in Internal Control and Compliance Finding:

**Finding 2022-001 – Allowable Costs/Cost Principles**

**Condition:** Lack of time and effort distribution records for payroll expense charged to ESSER

**Views of Responsible Officials:** Hillary Lambert, Business Manager is the Responsible Official for the ESSER grants. She was unaware of the required time and effort documentation that was needed to support the employee's payroll allocation.

**Planned corrective action:** A biannual time and effort certification has been completed for the first half of the 22-23 school year for the ESSER grants. Procedures have been put into place to ensure time and effort certifications are part of the grant paperwork that is completed at the beginning of every fiscal year.

**Person Responsible for Corrective Action Plan:** Hillary Lambert, Business Manager

**Anticipated Completion Date:** December 20, 2022

Sincerely,

A handwritten signature in blue ink, reading "Hillary Lambert". The signature is written in a cursive style with a large, stylized "H" and "L".

*"An Equal Rights and Opportunities School District"*