

**ANNUAL REPORT**  
**OF**  
**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT**  
**THREE SPRINGS, PENNSYLVANIA**

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**FOR THE YEAR ENDED JUNE 30, 2024**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Southern Huntingdon County School District  
10339 Pogue Road  
Three Springs, Pennsylvania 17264

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

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Southern Huntingdon County School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Southern Huntingdon County School District's basic financial statements as listed in the contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Southern Huntingdon County School District, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

**Responsibilities of Management for the Financial Statements** (Continued)

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 Southern Huntingdon County School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, OPEB liability information related to the Pennsylvania Public School Employees' Retirement System (PSERS), OPEB liability information - Single Employer, and the defined benefit pension plan information related to the Pennsylvania Public School Employees' Retirement System (PSERS) on pages 4 through 16 and 61 through 85 be presented to supplement the basic financial statements. Such information is the

**Required Supplementary Information** (Continued)

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 Southern Huntingdon County School District's basic financial statements. The accompanying 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 November 26, 2024, on our consideration of the Southern Huntingdon County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Southern Huntingdon County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southern Huntingdon County School District's internal control over financial reporting and compliance.

*Young, Baker, Brown & Company, P.C.*

# SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT

## Management Discussion and Analysis

The Management Discussion and Analysis section of Southern Huntingdon County School District's annual financial report provides an overall review of the District's financial activities for the year ended June 30, 2024. Please read this segment in conjunction with the District's financial statements, which immediately follow this section. The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The statements present both government-wide and fund level information using both the accrual and modified accrual bases of accounting, respectively.

### Financial Highlights

- At the close of the fiscal year ending June 30, 2024, the District's total (including Business-Type Activities) Assets and Deferred Outflows of Resources exceeded its total Liabilities and Deferred Inflows of Resources exceeded by **\$2,975,510** (*total net position*).
- The District's share of PSERS' unfunded pension liability is recorded at **\$17,367,946**; and its OPEB liability is recorded at **\$1,556,611**.
- The District's total net position improved by **\$876,846** in comparison to 2022-2023, largely as a consequence of reductions in unfunded liabilities discussed above. In addition, the District's financial status continues to demonstrate positive results. This progress is the result of continued operational efficiency and the District's continuing aggressive efforts to pursue value in all of its spending decisions.
- The District's total Governmental Funds revenue aggregated approximately **\$19,648,591**; corresponding expenditures and other financing activity amounted to **\$18,969,415**.
- The net position of the District's business activity - our food service operation - was approximately **(\$283,034)** at the close of the fiscal year.
- The District's real estate tax levy for 2024 is **42.55** mills.
- The total Governmental Fund Balance was **\$9,153,255** as of June 30, 2024, an increase of **\$679,176** over the previous fiscal year-end.
- The District's capital asset expenditures totaled approximately **\$158,340** during the year which included the final invoice for the replacement of HVAC controls in the HS/MS building, and various equipment.

## **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the Southern Huntingdon County School District's annual report. The annual report is comprised of three major components: 1) Management's Discussion and Analysis of the financial statements (this section), 2) the basic financial statements, and 3) required supplementary information. In turn, the basic financial statements consist of three main parts: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

**Government-wide Financial Statements** - The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to that used by a private-sector business.

The *Statement of Net Position* presents information on all of the District's assets and deferred outflows of resources, as well as its liabilities and deferred inflows of resources; the difference between these categories is reported as *net position*. Over time, increases or decreases in *net position* may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. In order to assess the District's overall financial condition, it is necessary to consider other factors, such as changes in the District's property tax base, the condition of District buildings and other facilities, and the impact of recent accounting pronouncements.

The *Statement of Activities* presents information that illustrates changes in the District's net position during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

- **Governmental Activities:** Most of the district's basic services are included here, such as regular and special educational services, transportation, and administration.
- **Business-type Activities:** The District charges fees to help it recover the costs of certain services it provides, such as the District's food service program.

**Fund Financial Statements** - The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" *funds* - not on the District as a whole. *Funds* are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- Some *funds* are required by state law and by bond covenants.

- The District may establish other *funds* to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District's three types of *funds* (governmental, proprietary and fiduciary) utilize different accounting approaches as described below.

**Governmental Funds** - Most of the District's activities are reported in governmental funds, which focus on how much money flows into and out of those funds as well as the balances left at year-end that are available for spending in future periods. These funds are reported using the *modified accrual basis* of accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps the reader to determine whether there are more or fewer financial resources available to spend 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 basic financial statements.

**Proprietary Funds** - Proprietary funds use the *accrual basis* of accounting, the same method used in the *government-wide* statements. As a result, the proprietary fund statements will essentially match the business-type activities portion of the *government-wide* statements.

**Fiduciary Funds** - Fiduciary funds are used to account for resources that are held for the benefit of parties outside of the control of the District. Fiduciary funds are not reflected in the *government-wide* financial statements because the resources of those funds are not available to support the District's own programs. The District is the trustee, or *fiduciary*, for assets that belong to others, such as the Student Activities account. The District is responsible for ensuring that the assets reported in such accounts are used only for their intended purposes and by those to whom the assets belong.

**Notes to the Financial Statements** - The notes provide additional information that is essential to a full understanding of the data presented in the *government-wide* and *fund* financial statements. The notes to the financial statements are listed in the index of this report.

### **Government-wide Financial Analysis**

As noted earlier, *net position* may serve as a useful indicator of the District's financial condition over time. As of June 30, 2024, the District's combined net position was **\$2,975,510**, compared to **\$2,098,664** at the close of the prior fiscal year (please refer to Table 1). As a consequence of its performance during the 2023-2024 fiscal year, the District's Government-wide Net Position improved by **\$876,846**, due chiefly to reductions in outstanding debt and positive operating results.

The following table presents a comparative analysis of fiscal years 2023 and 2024.

**Table 1**

<b>Condensed Statement of Net Position: 2023-2024</b>						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Current and Other Assets	\$10,944,645	\$10,451,805	\$167,505	\$124,462	\$11,112,150	\$10,576,267
Capital Assets, Net	<u>14,004,880</u>	<u>14,612,192</u>	<u>58,592</u>	<u>64,131</u>	<u>14,063,472</u>	<u>14,676,323</u>
<b>Total Assets</b>	<u>\$24,949,525</u>	<u>\$25,063,997</u>	<u>\$226,097</u>	<u>\$188,593</u>	<u>\$25,175,622</u>	<u>\$25,252,590</u>
<b>Total Deferred Outflows</b>	<u>\$837,337</u>	<u>\$1,020,760</u>	<u>\$20,683</u>	<u>\$29,065</u>	<u>\$858,020</u>	<u>\$1,049,825</u>
Long-term Debt	\$18,766,260	\$19,569,579	\$457,397	\$551,251	\$19,223,657	\$20,120,830
Other Liabilities	<u>1,708,561</u>	<u>1,759,869</u>	<u>21,695</u>	<u>53,835</u>	<u>1,730,256</u>	<u>1,813,704</u>
<b>Total Liabilities</b>	<u>\$20,474,821</u>	<u>\$21,329,448</u>	<u>\$479,092</u>	<u>\$605,086</u>	<u>\$20,953,913</u>	<u>\$21,934,534</u>
<b>Total Deferred Inflows</b>	<u>\$2,053,497</u>	<u>\$2,206,391</u>	<u>\$50,722</u>	<u>\$62,826</u>	<u>\$2,104,219</u>	<u>\$2,269,217</u>
Net Capital Assets	\$14,004,880	\$14,612,192	\$58,592	\$64,131	\$14,063,472	\$14,676,323
Restricted	2,336,941	2,037,713	0	0	2,336,941	2,037,713
Unrestricted	<u>(\$13,083,277)</u>	<u>(\$14,100,987)</u>	<u>(\$341,626)</u>	<u>(\$514,385)</u>	<u>(\$13,424,903)</u>	<u>(\$14,615,372)</u>
<b>Total Net Position</b>	<u>\$3,258,544</u>	<u>\$2,548,918</u>	<u>(\$283,034)</u>	<u>(\$450,254)</u>	<u>\$2,975,510</u>	<u>\$2,098,664</u>

**Governmental Activities**

The Statement of Activities shows the cost to the District of providing program services; it also reflects the charges assessed and grants received by the District that are used to offset those costs. Table 2 (below) reflects the total cost of program services and the net cost of those services after accounting for applicable program revenues. A negative figure (in parentheses) represents a net expense that is not covered by program revenues, but instead is funded by taxes, state subsidies, and other revenues. Governmental activities typically show a net expense (negative). In the Statement of Activities, total costs increased by approximately **\$1,162,681** from the previous year, and net costs increased by **\$2,725,325**. The District's costs increased in all categories, due in part to historic levels of inflation. The District also continued to draw upon increased grant funding made available via the federal Elementary and Secondary School Emergency Relief (ESSER) II and III funds. The District continues to seek new sources of revenue while aggressively reducing non-program costs wherever possible in its efforts to continue to provide quality educational services to its students.

Table 2

<b>Condensed Statement of Activities: 2023-2024</b>				
	<b>Total Costs of Services <u>2024</u></b>	<b>Net Costs of Services <u>2024</u></b>	<b>Total Costs of Services <u>2023</u></b>	<b>Net Costs of Services <u>2023</u></b>
<b><u>Governmental Activities</u></b>				
Instruction	\$11,167,532	(\$7,895,584)	\$10,885,594	(\$7,277,956)
Instructional Student Support	2,126,426	(1,650,488)	1,583,829	(1,186,320)
Administration and Business	1,527,817	(1,332,158)	1,457,014	(1,257,452)
Maintenance and Operational	1,936,172	(1,849,953)	1,883,887	(284,927)
Pupil Transportation	1,626,920	(502,364)	1,484,542	(563,947)
Student Activities	<u>419,071</u>	<u>(301,368)</u>	<u>346,391</u>	<u>(235,988)</u>
<b>Total Governmental Activities</b>	<b><u>\$18,803,938</u></b>	<b><u>(\$13,531,915)</u></b>	<b><u>\$17,641,257</u></b>	<b><u>(\$10,806,590)</u></b>

Table 3 (below) is a year-to-year comparison of program revenues, general revenues and total costs for District services from the Statement of Activities. Total Program Revenues of **\$5.3 million** consist of charges for services and operating grants; these funding sources contributed approximately **27.0** percent of revenue. State revenues, on which the District continues to be heavily reliant, increased by **\$623,560** over the prior fiscal year. Federal revenues decreased by **\$1,890,773** due to decreased spending of funds made available to the District under the CARES, CRRSA, and ARP acts. General revenues included property taxes of approximately **\$4.32 million**, or **22.1** percent of District-wide revenues. Other taxes collected by the District were approximately **\$1.10 million**, comprising **5.6** percent of revenues. The largest share of general revenue (**\$8.3 million**, or **42.6** percent of revenues) is received in the form of unrestricted basic educational subsidies and grants. The District continues to rely heavily upon this source of revenue in order to fund its operations, even as it continues to explore new and alternative revenue streams in the current inflationary economic climate. Investment Earnings and Other revenues accounted for the remaining **2.7** percent of revenues.

The District's Total Revenue (net of interfund transfers) decreased by **\$1,010,229** from the prior fiscal year due principally to a decrease in ESSER grant funding. The District's Food Service program had a modest reduction in revenue. The District's Total Expenditures (net of inter-fund transfers) increased by **\$1,026,194** compared to the prior fiscal year due to the rising costs for goods, services and personnel as previously mentioned.

**Table 3**

**Change in Net Position from Operating Results: 2023-2024**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
<b>Revenue</b>						
Program Revenue						
Charges for Services	\$179,033	\$159,123	\$86,933	\$96,797	\$265,966	\$255,920
Grants & Contributions	5,092,990	6,675,544	769,344	787,601	5,862,334	7,463,145
General Revenues						
Property Taxes	4,320,508	4,154,937	0	0	4,320,508	4,154,937
Other Taxes	1,099,112	1,154,900	0	0	1,099,112	1,154,900
Unrestricted Grants, Subsidies	8,310,350	7,973,084	0	0	8,310,350	7,973,084
Investment Earnings	434,614	288,756	7,554	4,709	442,168	293,465
Other	<u>76,957</u>	<u>92,243</u>	<u>0</u>	<u>0</u>	<u>76,957</u>	<u>92,243</u>
Total Revenue	<u>\$19,513,564</u>	<u>\$20,498,587</u>	<u>\$863,831</u>	<u>\$889,107</u>	<u>\$20,377,395</u>	<u>\$21,387,694</u>
<b>Expense</b>						
Instruction	\$11,167,532	\$10,885,594	\$0	\$0	\$11,167,532	\$10,885,594
Pupil & Instructional Services	2,126,426	1,583,829	0	0	2,126,426	1,583,829
Administration & Business	1,527,817	1,457,014	0	0	1,527,817	1,457,014
Maintenance & Operational	1,936,172	1,883,887	0	0	1,936,172	1,883,887
Transportation	1,626,920	1,484,542	0	0	1,626,920	1,484,542
Other	<u>419,071</u>	<u>346,391</u>	<u>696,611</u>	<u>833,098</u>	<u>1,115,682</u>	<u>1,179,489</u>
Total Expenses	<u>\$18,803,938</u>	<u>\$17,641,257</u>	<u>\$696,611</u>	<u>\$833,098</u>	<u>\$19,500,549</u>	<u>\$18,474,355</u>
Excess (Deficiency)	\$709,626	\$2,857,330	\$167,220	\$56,009	\$876,846	\$2,913,339
Net Position—Beginning (Restated)	\$2,548,918	(\$308,412)	(\$450,254)	(\$506,263)	\$2,098,664	(\$814,675)
Net Position - Ending Balance	<u>\$3,258,544</u>	<u>\$2,548,918</u>	<u>(\$283,034)</u>	<u>(\$450,254)</u>	<u>\$2,975,510</u>	<u>\$2,098,664</u>

## **Business-type Activity**

The District's business-type activity consisted of the provision of food services to our students, faculty and staff. Food Service revenues consisted of meal charges **\$86,933**, federal and state subsidies **\$769,344**, and interest earnings **\$7,554**. Food Service expenses totaled **\$696,611** for the fiscal year, an decrease from the prior year of **\$136,487**.

All categories of expenditures in the Cafeteria Fund were affected by persistent inflation. The District also experienced intermittent supply chain issues in its attempts to obtain food and supplies to support its efforts to provide nutritious meals to its students. Rising interest rates due to the Federal Reserve's efforts to curb inflation had a positive impact on Investment Earnings. Operational costs continued to increase due to the effects of supply chain disruptions and inflationary pressures on food costs.

The District's administration team continues to closely monitor the food service operation in an effort to control expenses. During the 2023-2024 fiscal year, the District, in collaboration with its food service management company (FSMC), continued to explore methods to decrease costs, increase operational efficiency, improve student participation, and address changes mandated by the federal Healthy Hunger Free Kids Act (HHFKA). The District is committed to the aggressive pursuit and use of federal commodities in its meal programs. The Net Position of the District's food service program was **(\$283,034)** at the conclusion of the fiscal year, an increase of **\$167,220** from the prior fiscal year-end.

## **Financial Analysis of the District's Funds**

As previously noted, the District utilizes fund accounting to ensure accuracy and to demonstrate compliance with finance-related legal requirements.

**Governmental Funds** - The focus of the District's use of governmental funds is to provide information on short-term inflows, outflows and balances of spendable resources. This type of information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of the District's net resources available for spending at the conclusion of the fiscal year.

Table 4 (below) displays each fund balance at the conclusion of each of the last two fiscal years, as well as the net change in each fund balance from the prior year. The District's governmental fund balances totaled **\$9,153,255** at the close of the current fiscal year. The balance in the General Fund increased by **\$379,948**, and the Capital Reserve balance increased by **\$299,228**. The increase in the General Fund balance was the result of increases in various revenues including Earned Income Tax and interest income. The Capital Reserve Fund consists of funds that have been set aside for the future repair or replacement of the District's capital assets. The Capital Reserve Fund balance increased due to a transfer from the general fund.

**Table 4**

<b>Governmental Fund Balances</b>			
<u>Fund</u>	<u>Balances</u>		<u>Increase (Decrease)</u>
	<u>June 30, 2024</u>	<u>June 30, 2023</u>	
General	\$6,816,314	\$6,436,366	\$379,948
Capital Reserve	<u>2,336,941</u>	<u>2,037,713</u>	<u>299,228</u>
<b>TOTAL</b>	<b>\$9,153,255</b>	<b>\$8,474,079</b>	<b>\$679,176</b>

**General Fund Highlights**

The General Fund is the primary operating fund of the District. At the end of the fiscal year, the Unassigned Fund balance of the General Fund was **\$771,477**, or **11.3** percent of General Fund balances. The Non-spendable Fund balance of **\$244,837** (**3.5** percent) represents net prepaid expenses. The Assigned (GASB 54) Fund balance of **\$5,800,000** (**85.2** percent) includes funds set aside for future anticipated costs of the District.

As a measure of the General Fund's liquidity, it may be useful to compare both the Unassigned Fund balance and the Total Fund Balance to the sum of total General Fund expenditures and net other financing uses, which amounted to **\$19,165,863**. The Unassigned Fund balance is equivalent to **4.0** percent of total expenditures and other financing uses, while the Total Fund Balance of **\$6,816,314** is equivalent to **35.6** percent of that same amount.

Tables 5 & 6 and Figures 1 & 2 (following) illustrate the financial activities and balances of the General Fund.

**Table 5**

<b>General Fund Revenues: 2023-2024</b>				
<u>Revenues</u>	<u>Amounts</u>		<u>Changes</u>	
	<u>2024</u>	<u>2023</u>	<u>Amount</u>	<u>Percent</u>
Local Sources	6,412,192	6,095,865	316,328	5.2%
State Revenue	12,675,669	12,052,109	623,560	5.2%
Federal Revenue	<u>457,950</u>	<u>2,348,723</u>	<u>(1,890,773)</u>	<u>(80.5%)</u>
<b>TOTAL REVENUE</b>	<b>\$19,545,811</b>	<b>\$20,496,697</b>	<b>(950,885)</b>	<b>(4.6%)</b>

Total General Fund Revenue for the 2023-2024 fiscal year decreased by **4.6%** compared to the prior year. The decrease in Federal Revenue, **(80.5%)** less than the prior fiscal year, was the

result of decreased spending of the funds made available by the federal government in response to the COVID-19 pandemic. State Revenue increased due to modest growth in the Basic Educational Funding subsidy as well as greater reimbursement for the District’s retirement costs (due to higher covered salaries and the rising employer contribution rate). Local sources of revenue increased due to Local Taxes increases due to greater collections of Earned Income Taxes. Local sources also increased due to investment earnings increased exponentially due to the Federal Reserve’s historic increases to interest rates.

**Table 6**

<b>General Fund Expenditures: 2023-2024</b>				
<u>Expenditures</u>	<u>Amounts</u>		<u>Changes</u>	
	<u>2024</u>	<u>2023</u>	<u>Amount</u>	<u>Percent</u>
Instruction	\$ 11,163,251	\$ 11,403,568	(240,317)	(2.1%)
Instructional Support	2,200,162	1,723,122	477,040	27.7%
Administration & Business	1,508,245	1,523,665	(15,420)	-1.0%
Maintenance & Operational	2,000,422	1,911,954	88,468	4.6%
Pupil Transportation	1,626,920	1,484,542	142,378	9.6%
Student Activities	466,863	368,131	98,732	2.7%
Transfers/Other	<u>200,000</u>	<u>2,365,750</u>	<u>(2,165,750)</u>	(91.5%)
<b>TOTAL EXPENDITURES</b>	<b>\$19,165,863</b>	<b>\$20,780,732</b>	<b>(1,614,869)</b>	<b>(7.8%)</b>

The District's General Fund expenditures in 2023-2024 decreased by **\$1,614,869**, or **7.8** percent, from the previous fiscal year. Exclusive of activity in the Transfers/Other category in both years, the District’s expenditures increased by **\$550,881**, or **3.0** percent. Instructional Support costs rose due to virtual speech therapy costs, adding an additional school social worker, and increased technology cost. Pupil Transportation costs rose moderately due to higher mileage rates paid to District van contractors in response to special education transportation. Maintenance & Operational costs increased due to increased costs related to maintenance supplies.

**General Fund Budgetary Highlights**

The District's annual General Fund Budget is prepared using the modified accrual basis of accounting. Budgeted amounts reflect District management's best estimates at the time the budget was prepared. The Final Budget for expenditures (including inter-fund transfers) reflects required changes among functional categories in response to current spending patterns.

The final budget included total expenditures of **\$18,707,920**; actual expenditures totaled **\$19,165,863** which included a transfer of **\$200,000** to the Capital Reserve Fund, yielding a negative budget variance of **(\$457,943)** (expenditures more than budgeted).

Table 7 (below) is a comparison of actual expenditures to the final budget for the fiscal year.

**Table 7**

<b>Budget Analysis: 2023-2024</b>			
	<u>Final Budget</u>	<u>Actual</u>	<u>Budget Variance</u>
<b>Instructional Services</b>			
Regular Programs	\$7,259,330	\$7,317,757	(\$58,427)
Special Programs	2,814,649	2,897,278	(82,629)
Vocational Programs	825,586	912,570	(86,984)
Other Instructional Programs	64,500	75,887	(11,387)
<b>Total Instructional Services</b>	<u>\$10,964,065</u>	<u>\$11,203,492</u>	<u>(\$239,427)</u>
<b>Support Services</b>			
Pupil Personnel Services	\$971,707	\$1,089,945	(\$118,238)
Instructional Staff Support Services	881,987	941,659	(59,672)
Administrative Services	1,156,480	1,187,566	(31,086)
Pupil Health	121,480	120,974	506
Business Services	342,910	320,679	22,231
Operation and Maintenance of Plant Services	1,821,942	2,000,422	(178,480)
Student Transportation Services	1,422,463	1,626,920	(204,457)
Other Support Services	16,870	7,343	9,527
<b>Total Support Services</b>	<u>\$6,735,839</u>	<u>\$7,295,508</u>	<u>(\$559,669)</u>
<b>Operation of Non-Instructional Services</b>			
Student Activities	\$442,266	\$466,863	(\$24,597)
<b>Total Operation of Non-Inst. Services</b>	<u>\$442,266</u>	<u>\$466,863</u>	<u>(\$24,597)</u>
<b>Other Financing Uses</b>			
Interfund Transfers – Out	\$565,750	\$200,000	\$365,750
<b>Total Other Financing Uses</b>	<u>\$565,750</u>	<u>\$200,000</u>	<u>\$365,750</u>
<b>TOTAL EXPENDITURES</b>	<u><u>\$18,707,920</u></u>	<u><u>\$19,165,863</u></u>	<u><u>\$(457,943)</u></u>

## Proprietary Funds

The District's Proprietary Fund (Food Service) statements provide the same type of information found in the Government-wide Financial Statements but include more detail. The Total Net Position of the Proprietary Fund at the conclusion of the fiscal year was **(\$283,034)**. The decrease in Total Net Position when compared to the prior fiscal year is the result of a deficiency of revenues in comparison to costs during the current fiscal year. When compared to the prior fiscal year's surplus, this year's deficiency is the result of decreases in both participation and federal reimbursements due to the expiration of federal waivers offered in response to the COVID-19 pandemic. Now that the waivers have expired, the District's Food Service Management Company continues to work to improve the operating results of the Food Service operation and to develop more realistic budgeting regarding the amount of funds that will be required to be transferred from the District's General Fund in support of its operations. The factors that contributed to the performance of the District's Food Service Operation are discussed elsewhere in this report.

## Fiduciary Funds

The District is the trustee, or fiduciary, of various Student Activity and scholarship accounts. All of the District's fiduciary activities are reported in separate statements of fiduciary net position and of changes in fiduciary net position (please refer to the index). These activities are separated from the District's other financial statements because these assets cannot be utilized by the District to finance its operations.

## Capital Assets and Debt Administration

As of June 30, 2024, the District's Capital Assets had a net value of **\$14,063,472**. This amount includes the value of the District's land, site improvements, buildings, equipment & furniture, and construction in progress, as listed in Table 8 (below).

**Table 8**

### Capital Assets (net of depreciation): 2023-2024

<u>Asset Type</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total School District</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Land	\$269,649	\$269,649			\$269,649	\$269,649
Site Improvements	177,648	205,087			177,648	205,087
Buildings	11,549,200	12,099,955			11,549,200	12,099,955
Equipment & Furniture	310,422	339,540	58,592	64,132	369,014	403,672
Construction in Progress	1,697,961	1,697,961			1,697,961	1,697,961
<b>Total</b>	<u>\$14,004,880</u>	<u>\$14,612,192</u>	<u>\$58,592</u>	<u>\$64,132</u>	<u>\$14,063,472</u>	<u>\$14,676,324</u>

Capital improvements and acquisitions for the fiscal year totaled **\$158,340**. Additions included a new High School gymnasium scoreboard, hot water storage tank at Shade Gap Elementary, and a greenhouse located at the High School/Middle School. The District's total depreciation expense for the fiscal year amounted to **\$771,192**

### **Long-term Debt**

As of June 30, 2024, the District's long term debt consisted of the District's proportionate share of the Pennsylvania State Employees' Retirement System (PSERS) net pension liability of \$17,367,946, other post-employment benefits of \$1,556,611, and compensated absences of \$299,100. Total long term debt for the District at June 30, 2024 was \$19,223,657 compared to the June 30, 2023 total long term debt of \$20,120,830.

### **Labor Relations**

Southern Huntingdon County School District has two collective bargaining agreements. Our professional staff of **90** employees is represented by the Southern Huntingdon County Educator's Association (SHCEA), which is affiliated with the Pennsylvania State Education Association (PSEA) and the National Education Association (NEA). The District is operating under a 3-year CBA with the SHCEA which will expire on June 30, 2027.

Our support staff of **59** employees is represented by the Southern Huntingdon County Education Support Association (SHCESA), which is also affiliated with the PSEA and the NEA. The District is operating under a 4-year CBA with the SHCESA that will expire on June 30, 2028. The District also employs **2** confidential secretaries who are not members of the SHCESA bargaining unit due to the nature of their responsibilities.

The District currently employs **9** administrators who are covered by an Act 93 agreement. The District is operating under a 3-year agreement that will expire on June 30, 2026. The District's superintendent and business manager are employed under the terms and provisions of their individual contracts.

### **The District's Future**

At the present time, we believe the District is financially sound and in a strong financial position. During the fiscal year just ended, the District was able to set aside additional funds to be used for future renovation projects as discussed elsewhere in this report. The District's sound fiscal management has enabled it to complete various facilities projects in recent years without the need to borrow funds, saving the District's taxpayers substantial financing costs. However, the District faces a number of challenges in the near future in conjunction with other school districts throughout the commonwealth as a result of the current economic and legislative climates:

- Act 25 of 2011 amended Act 1 of 2006, eliminating a number of the referendum exceptions in the original legislation and thereby limiting the District's ability to raise real estate tax millage above the yearly index in response to changing economic and demographic conditions.

- Enrollment continues to experience moderate declines as the District addresses the challenges presented by charter school enrollments, minimal job growth within the District and surrounding areas, and the effects of the pandemic.
- Medical care premiums continue to have a significant impact upon the District's annual budget. As expected, healthcare reform has contributed significantly to the escalation of the District's health-related costs.
- The volatility of oil, liquid propane, electricity and diesel fuel costs will have the potential to significantly impact delivery, utility and transportation costs.
- Student enrollments at charter schools and other alternative schools have a considerable impact upon the District's tuition and transportation expenses.
- The District's decisions concerning whether or not to fund its Other Post-Employment Benefits (OPEB) liability under GASB 75 could have an impact upon its future ability to obtain financing at favorable rates.
- The District's contributions to the Public School Employees' Retirement System (PSERS) have increased from 8.65% of employee salaries in 2011-2012 to **34.00%** of salaries in 2023-2024. This rate has decreased to **33.90%** of salaries for the 2024-2025 fiscal year but is projected to resume its upward trajectory during FY 2024-2025. The system's investment performance during the current economic downturn may necessitate additional increases to these rates. Although the state legislature previously passed legislation intended to address the system's fund deficit, these changes will not have an appreciable impact on the amount of the plan's unfunded liability for some time. Consequently, retirement plan costs are anticipated to have a significant impact on the District's personnel costs for the foreseeable future.
- The District will continue to explore options to upgrade and/or renovate its facilities in order to provide an updated learning environment that will be conducive to the fulfillment of the District's educational objectives and to meeting the needs of all of its students.

### **Information Requests**

This financial report is intended to provide a general overview of the District's financial operations and condition. If you have questions about the report or any of the information contained therein, please contact the Business Office, Southern Huntingdon County School District, 10339 Pogue Road, Three Springs PA 17264.

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2024**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>Assets</u></b>			
Cash and Cash Equivalents	\$ 9,275,212	\$154,475	\$ 9,429,687
Taxes Receivable (net)	292,714	0	292,714
Accounts Receivable	129,673	0	129,673
Prepaid Expenses	244,837	0	244,837
Due from Other Governments	1,002,209	0	1,002,209
Inventories	0	13,030	13,030
Capital Assets, not being depreciated:			
Land	269,649	0	269,649
Construction in Progress	1,697,961	0	1,697,961
Capital Assets, net of accumulated depreciation:			
Site Improvements	177,648	0	177,648
Buildings and Building Improvements	11,549,200	0	11,549,200
Furniture and Equipment	<u>310,422</u>	<u>58,592</u>	<u>369,014</u>
Total Assets	<u>\$24,949,525</u>	<u>\$226,097</u>	<u>\$25,175,622</u>
<b><u>Deferred Outflows of Resources</u></b>			
Deferred Outflows related to Defined Benefit Pension Plan	\$ 587,350	\$ 14,508	\$ 601,858
Deferred Outflows related to OPEB Liability	<u>249,987</u>	<u>6,175</u>	<u>256,162</u>
Total Deferred Outflows of Resources	<u>\$ 837,337</u>	<u>\$ 20,683</u>	<u>\$ 858,020</u>
<b><u>Liabilities</u></b>			
Accounts Payable	\$ 190,645	\$ 9,320	\$ 199,965
Accrued Salaries and Benefits	1,517,916	0	1,517,916
Unearned Revenue	0	12,375	12,375
Noncurrent Liabilities:			
Due in More than One Year	<u>18,766,260</u>	<u>457,397</u>	<u>19,223,657</u>
Total Liabilities	<u>\$20,474,821</u>	<u>\$479,092</u>	<u>\$20,953,913</u>
<b><u>Deferred Inflows of Resources</u></b>			
Deferred Inflows related to Defined Benefit Pension Plan	\$ 446,637	\$ 11,032	\$ 457,669
Deferred Inflows related to OPEB Liability	<u>1,606,860</u>	<u>39,690</u>	<u>1,646,550</u>
Total Deferred Inflows of Resources	<u>\$ 2,053,497</u>	<u>\$ 50,722</u>	<u>\$ 2,104,219</u>
<b><u>Net Position</u></b>			
Net Investment in Capital Assets	\$14,004,880	\$ 58,592	\$14,063,472
Restricted for:			
Capital Projects	2,336,941	0	2,336,941
Unrestricted (Deficit)	( 13,083,277)	( 341,626)	( 13,424,903)
Total Net Position	<u>\$ 3,258,544</u>	<u>(\$283,034)</u>	<u>\$ 2,975,510</u>

See Accompanying Notes and Independent Auditor's Report

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2024**

**Expenses**

**Functions/Programs**

**Governmental Activities**

Instruction	\$11,167,532
Instructional Student Support	2,126,426
Administrative and Financial Support Services	1,527,817
Operation and Maintenance of Plant Services	1,936,172
Pupil Transportation	1,626,920
Student Activities	<u>419,071</u>
 Total Governmental Activities	 \$18,803,938

**Business-Type Activities**

Food Service	\$ 696,611
 Total Primary Government	 \$19,500,549

**General Revenues**

Taxes:	
Real Estate Taxes, Levied for General Purposes, Net	
Other Taxes Levied	
Grants, Subsidies, and Contributions, Not Restricted	
Investment Earnings	
Miscellaneous Revenue	
 Total General Revenues	

Change in Net Position

**Net Position** - Beginning

**Net Position** - Ending

**See Accompanying Notes and Independent Auditor's Report**

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2024**

<u>Charges for Services</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>		
	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$116,574	\$3,148,609	\$6,765	(\$ 7,895,584)	\$ 0	(\$ 7,895,584)
0	475,938	0	( 1,650,488)	0	( 1,650,488)
0	195,659	0	( 1,332,158)	0	( 1,332,158)
0	86,219	0	( 1,849,953)	0	( 1,849,953)
0	1,124,556	0	( 502,364)	0	( 502,364)
<u>62,459</u>	<u>55,244</u>	<u>0</u>	<u>( 301,368)</u>	<u>0</u>	<u>( 301,368)</u>
 \$179,033	 \$5,086,225	 \$6,765	 (\$13,531,915)	 \$ 0	 (\$13,531,915)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 86,933	\$ 769,344	\$ 0	\$ 0	\$159,666	\$ 159,666
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$265,966	\$5,855,569	\$6,765	(\$13,531,915)	\$159,666	(\$13,372,249)
<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
			\$ 4,320,508	\$ 0	\$ 4,320,508
			1,099,112	0	1,099,112
			8,310,350	0	8,310,350
			434,614	7,554	442,168
			<u>76,957</u>	<u>0</u>	<u>76,957</u>
			<hr/> \$14,241,541	<hr/> \$ 7,554	<hr/> \$14,249,095
			\$ 709,626	\$167,220	\$ 876,846
			<u>2,548,918</u>	<u>( 450,254)</u>	<u>2,098,664</u>
			<u>\$ 3,258,544</u>	<u>(\$283,034)</u>	<u>\$2,975,510</u>
			<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**See Accompanying Notes and Independent Auditor's Report**

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2024**

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	\$6,938,271	\$2,336,941	\$ 9,275,212
Taxes Receivable (net)	292,714	0	292,714
Accounts Receivable	129,673	0	129,673
Due from Other Governments	1,002,209	0	1,002,209
Prepaid Expense	<u>244,837</u>	<u>0</u>	<u>244,837</u>
<b>TOTAL ASSETS</b>	<b>\$8,607,704</b>	<b>\$2,336,941</b>	<b>\$10,944,645</b>
<b><u>LIABILITIES</u></b>			
Accounts Payable	\$ 190,645	\$ 0	\$ 190,645
Accrued Salaries and Benefits	1,501,771	0	1,501,771
Payroll Withholdings	<u>16,145</u>	<u>0</u>	<u>16,145</u>
Total Liabilities	<u>\$1,708,561</u>	<u>\$ 0</u>	<u>\$ 1,708,561</u>
<b><u>DEFERRED INFLOW OF RESOURCES</u></b>			
Unavailable Revenues - Property Taxes	<u>\$ 82,829</u>	<u>\$ 0</u>	<u>\$ 82,829</u>
<b><u>FUND BALANCES</u></b>			
Nonspendable Fund Balance	\$ 244,837	\$ 0	\$ 244,837
Restricted Fund Balance	0	2,336,941	2,336,941
Assigned Fund Balance	5,800,000	0	5,800,000
Unassigned Fund Balance	<u>771,477</u>	<u>0</u>	<u>771,477</u>
Total Fund Balances	<u>\$6,816,314</u>	<u>\$2,336,941</u>	<u>\$ 9,153,255</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$8,607,704</b>	<b>\$2,336,941</b>	<b>\$10,944,645</b>

See Accompanying Notes and Independent Auditor's Report

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2024**

Total Fund Balances - Governmental Funds		\$ 9,153,255
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources, and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$29,930,352 and the related accumulated depreciation is \$15,925,472.		14,004,880
The net pension liability is not due and payable in the current period and, therefore, are not reported in the funds.		( 16,949,296)
The deferred outflows and inflows of resources related to defined benefit pension plans are not reported in the funds statement since they are measured on the accrual basis:		
Deferred Outflows of Resources	\$ 587,350	
Deferred Inflows of Resources	( <u>446,637</u> )	140,713
The deferred outflows and inflows of resources related to OPEB liability are not reported in the funds statement since they are measured on the accrual basis:		
Deferred Outflows of Resources	\$ 249,987	
Deferred Inflows of Resources	( <u>1,606,860</u> )	( 1,356,873)
Property taxes receivable will be collected in the future but are not available soon enough to pay for the current period's expenditures, and, therefore, are deferred in the fund's statements.		82,829
Long-term liabilities, including compensated absences and OPEB, are not due and payable in the current period, and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consists of:		
Compensated Absences	(\$ 297,875)	
Post-Retirement Benefits	( <u>1,519,089</u> )	( <u>1,816,964</u> )
Total Net Position - Governmental Activities		\$ 3,258,544

**See Accompanying Notes and Independent Auditor's Report**

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Total Governmental Funds</u>
<b><u>Revenues</u></b>			
Local Sources	\$ 6,412,192	\$ 102,780	\$ 6,514,972
State Sources	12,675,669	0	12,675,669
Federal Sources	<u>457,950</u>	<u>0</u>	<u>457,950</u>
 Total Revenues	 <u>\$19,545,811</u>	 <u>\$ 102,780</u>	 <u>\$19,648,591</u>
 <b><u>Expenditures</u></b>			
Current:			
Instruction	\$11,163,251	\$ 0	\$11,163,251
Support Services	7,221,124	0	7,221,124
Noninstructional Services	426,700	0	426,700
Capital Outlay:			
Instruction	40,241	0	40,241
Support Services	74,384	0	74,384
Noninstructional Services	40,163	0	40,163
Facilities Acquisition, Construction, and Improvement	<u>0</u>	<u>3,552</u>	<u>3,552</u>
 Total Expenditures	 <u>\$18,965,863</u>	 <u>\$ 3,552</u>	 <u>\$18,969,415</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>\$ 579,948</u>	 <u>\$ 99,228</u>	 <u>\$ 679,176</u>
 <b><u>Other Financing Sources (Uses)</u></b>			
Transfers Out	(\$ 200,000)	\$ 0	(\$ 200,000)
Transfers In	<u>0</u>	<u>200,000</u>	<u>200,000</u>
 Total Other Financing Sources (Uses)	 <u>(\$ 200,000)</u>	 <u>\$ 200,000</u>	 <u>\$ 0</u>
 Net Change in Fund Balances	 <u>\$ 379,948</u>	 <u>\$ 299,228</u>	 <u>\$ 679,176</u>
 <b><u>Fund Balances</u></b> - July 1, 2023	 <u>6,436,366</u>	 <u>2,037,713</u>	 <u>8,474,079</u>
 <b><u>Fund Balances</u></b> - June 30, 2024	 <u>\$ 6,816,314</u>	 <u>\$2,336,941</u>	 <u>\$ 9,153,255</u>

See Accompanying Notes and Independent Auditor's Report

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
JUNE 30, 2024**

Total Net Change in Fund Balances - Governmental Funds \$679,176

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

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

Capital Outlays	\$158,340	
Depreciation Expense	( <u>765,652</u> )	( 607,312 )

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred tax revenues increased by this amount this year.

82,829  
\$154,693  

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**Other**

The additional pension and OPEB expense associated with the Defined Benefit Pension Plan (PSERS) that does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.

\$822,844

In the statement of activities, certain operating expenses - compensated absences (vacations and sick days) and post-retirement benefits - are measured by the amounts earned during the year. In the governmental funds; however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount earned versus the amount used.

( 50,054 )

Delinquent real estate taxes which were recognized as revenue in the governmental funds but not in the statement of activities.

( 217,857 )

Total Other \$554,933

Change in Net Position of Governmental Activities \$709,626

**See Accompanying Notes and Independent Auditor's Report**

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Food Service</u>
<b><u>ASSETS</u></b>	
Current Assets:	
Cash and Cash Equivalents	\$154,475
Inventories	<u>13,030</u>
Total Current Assets	\$167,505
Noncurrent Assets:	
Machinery and Equipment (Net of Accumulated Depreciation)	\$ 58,592
Total Noncurrent Assets	<u>\$ 58,592</u>
Total Assets	<u>\$226,097</u>
<b><u>Deferred Outflows of Resources</u></b>	
Deferred Outflows of Resources - Pension	\$ 14,508
Deferred Outflows of Resources - OPEB	<u>6,175</u>
Total Deferred Outflows of Resources	<u>\$ 20,683</u>
<b><u>Liabilities and Net Position</u></b>	
Current Liabilities:	
Accounts Payable	\$ 9,320
Unearned Revenue	<u>12,375</u>
Total Current Liabilities	\$ 21,695
Noncurrent Liabilities:	
Net Pension Liability	\$418,650
Compensated Absences	1,225
Other Postemployment Benefits	<u>37,522</u>
Total Noncurrent Liabilities	\$457,397
Total Liabilities	<u>\$479,092</u>
<b><u>Deferred Inflows of Resources</u></b>	
Deferred Inflows of Resources - Pension	\$ 11,032
Deferred Inflows of Resources - OPEB	<u>39,690</u>
Total Deferred Inflows of Resources	<u>\$ 50,722</u>
<b><u>Net Position</u></b>	
Net Investment in Capital Assets	\$ 58,592
Unrestricted (Deficit)	<u>( 341,626)</u>
Total Net Position	<u>(\$283,034)</u>

**See Accompanying Notes and Independent Auditor's Report**

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2024**

	<b><u>Food Service</u></b>
<b><u>Operating Revenues</u></b>	
Food Service Revenue	\$ 86,933
	<hr/>
<b><u>Operating Expenses</u></b>	
Salaries	\$178,119
Employee Benefits	17,116
Other Purchased Services	96,571
Supplies	398,313
Depreciation	5,540
Miscellaneous Expense	<u>952</u>
Total Operating Expenses	\$696,611
	<hr/>
Operating (Loss)	(\$609,678)
	<hr/>
<b><u>Nonoperating Revenues (Expenses)</u></b>	
Earnings on Investments	\$ 7,554
State Sources	91,108
Federal Sources	<u>678,236</u>
Total Nonoperating Revenues (Expenses)	\$776,898
	<hr/>
Change in Net Position	\$167,220
<b><u>Net Position</u></b> - July 1, 2023	( <u>450,254</u> )
<b><u>Net Position</u></b> - June 30, 2024	( <u>\$283,034</u> )
	<hr/> <hr/>

See Accompanying Notes and Independent Auditor's Report

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Food Service</u>
<b><u>Cash Flows from Operating Activities</u></b>	
Cash Received from Users	\$ 77,804
Cash Payments to Employees for Services	( 322,441)
Cash Payments to Suppliers for Goods and Services	( 426,768)
Net Cash (Used for) Operating Activities	(\$671,405)
<b><u>Cash Flows from Noncapital Financing Activities</u></b>	
State Sources	\$ 91,108
Federal Sources	654,690
Net Cash Provided by Noncapital Financing Activities	\$745,798
<b><u>Cash Flows from Investing Activities</u></b>	
Earnings on Investments	\$ 7,554
Net Increase in Cash and Cash Equivalents	\$ 81,947
<b><u>Cash and Cash Equivalents</u></b> - Beginning	<u>72,528</u>
<b><u>Cash and Cash Equivalents</u></b> - Ending	<u>\$154,475</u>
<b><u>Reconciliation of Operating (Loss) to Net Cash (Used for) Operating Activities</u></b>	
Operating (Loss)	(\$609,678)
Adjustments to Reconcile Operating (Loss) to Net Cash (Used for) Operating Activities:	
Depreciation and Net Amortization	\$ 5,540
Commodities Used	47,593
Inventories Decrease	13,777
Accounts Receivable Decrease	1,079
Deferred Outflows - Pension and OPEB Decrease	8,382
Interfund Payable (Decrease)	( 21,248)
Accounts Payable (Decrease)	( 684)
Unearned Revenues (Decrease)	( 10,208)
Net Pension and OPEB Liability (Decrease)	( 94,011)
Deferred Inflows - Pension and OPEB (Decrease)	( 12,104)
Compensated Absences Increase	<u>157</u>
Total Adjustments	(\$ 61,727)
Net Cash (Used for) Operating Activities	<u>(\$671,405)</u>

**See Accompanying Notes and Independent Auditor's Report**

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2024**

	<b><u>Custodial Funds</u></b>
<b><u>Assets</u></b>	
Cash and Cash Equivalents	\$122,624
	<u>                    </u>
<b><u>Net Position</u></b>	
Restricted for Student Organizations	\$122,624
	<u>                    </u>

**See Accompanying Notes and Independent Auditor's Report**

SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2024

	<b><u>Custodial Funds</u></b>
<b><u>Additions</u></b>	
Student Activity Income	\$303,662 _____
<b><u>Deductions</u></b>	
Payment Made on Behalf of Student Organizations	\$295,125 _____
Change in Net Position	\$ 8,537
<b><u>Net Position - Beginning of Year</u></b>	<b><u>114,087</u></b>
<b><u>Net Position - End of Year</u></b>	<b><u>\$122,624</u></b> =====

See Accompanying Notes and Independent Auditor's Report

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**Note 1: Summary of Significant Accounting Policies**

**A. Description of Government-Wide 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 nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

**B. Reporting Entity**

The Southern Huntingdon County School District is a school district governed by a nine-member elected board and provides instruction, support services, and certain noninstructional services.

The District had no blended or discretely presented component units as part of its reporting entity.

The following are not component units of the Southern Huntingdon County School District and are not included in this report.

*Tuscarora Intermediate Unit 11* is a separate legal entity. It was organized by a group of public school districts to provide them specific services. Each public school district appoints one member to serve on the Board of Directors of the Unit. The District contracts with the Unit for special education services for district students.

*Huntingdon County Career and Technology Center* is a separate legal entity. It was organized by a group of public school districts to provide specific services. Each of the public school districts appoints two members to serve on the Joint Operating Committee and each district has an ongoing financial responsibility to the Center.

**C. Basis of Presentation - Government-Wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the School District's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**D. Basis of Presentation - Fund Financial Statements**

The fund financial statements provide information about the School District's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024  
(CONTINUED)

**Note 1: Summary of Significant Accounting Policies** (Continued)

**D. Basis of Presentation - Fund Financial Statements** (Continued)

The School District reports the following major governmental funds:

- The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the School District, except those specifically required to be accounted for in another fund.
- The *capital project fund* is used to account for the acquisition or construction of the School District's major capital equipment and facilities.

The School District reports the following major enterprise fund:

- The *food service fund* accounts for the operation of the School District's cafeterias.

Additionally, the School District reports the following fund types:

- *Fiduciary funds* account for assets held by the District in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement. Fiduciary funds are not included in the government-wide statements.
- The *custodial fund* consists of assets for the benefit of individuals and the District does not have administrative involvement with the assets or direct financial involvement with the assets. In addition, the assets are not derived from the District's provision of goods or services to those individuals. This fund is used to account for assets that the District holds for others in an agency capacity (primarily student activities).

During the course of operations, the School District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, the net amount is included as transfers in the business-type activities column.

SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024  
(CONTINUED)

**Note 1: Summary of Significant Accounting Policies** (Continued)

**E. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the School District.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

**F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

**1. Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, including investments in the Pennsylvania Local Government Investment Trust (PLGIT).

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**  
**(CONTINUED)**

**Note 1: Summary of Significant Accounting Policies (Continued)**

**F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Cont.)**

**2. Receivables and Payables**

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

**3. Inventories and Prepaid Items**

**General Fund**

The cost is recorded as an expenditure at the time individual inventory items are purchased.

**Enterprise Fund**

Food inventories of \$13,030 include \$2,157 of food commodities donated by the federal government, which are valued at an estimated market value. All other food or supply inventories are valued at last unit cost in accordance with the recommendations of the Food and Nutrition Service of the Department of Agriculture and are expensed as used.

**Prepaid**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**4. Capital Assets**

Capital assets, which include land, land improvements, buildings, building and leasehold improvements, computer hardware, telephone systems, audio visual equipment, office furniture and equipment, classroom equipment, teaching aids, and vehicles are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$4,000 for computer hardware, teleconferencing equipment, audio visual equipment, office furniture and equipment, classroom equipment, teaching aids, and vehicles. The District's capitalization policy states any asset purchased with borrowed funds will be capitalized and may include land, land improvements, buildings, and building and leasehold improvements and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024  
(CONTINUED)

**Note 1: Summary of Significant Accounting Policies** (Continued)

**F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance** (Cont.)

**4. Capital Assets** (Continued)

Land improvements, buildings, building and leasehold improvements, computer hardware, teleconferencing equipment, audiovisual equipment, office furniture and equipment, classroom equipment, teaching aids, and vehicles of the District are depreciated using the straight-line method over the following estimated lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	40 +
Building and Leasehold Improvements	40 +
Computer Hardware	5
Telephone Systems	10
Audio Visual Equipment	6
Office Equipment	8
Classroom Equipment	10
Teaching Aids	5
Vehicles	8
Machinery/Vocational Equipment	15
Janitorial/Maintenance Equipment	15
Food Service Equipment	15

**5. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represent a consumption of net position that applies to future periods and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category: the deferred outflow related to pension and OPEB liability. The deferred outflow related to pension and OPEB liability will be amortized over the required number of years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has two types of items that qualify for reporting in this category: the deferred inflow related to pension and OPEB liability. The deferred inflow related to pension and OPEB liability will be amortized over the required number of years.

**6. Net Position Flow Assumption**

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**  
**(CONTINUED)**

**Note 1: Summary of Significant Accounting Policies** (Continued)

**F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance** (Cont.)

**6. Net Position Flow Assumption** (Continued)

It is the District's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

**7. Fund Balance Flow Assumptions**

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**8. Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The School District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

In the governmental fund financial statements, fund balances are classified as follows:

1. Nonspendable - amounts that cannot be spent because they are in a nonspendable form (e.g., inventory or prepaid expenses) or legally or contractually required to be maintained intact (e.g., principal of a permanent fund).
2. Restricted Fund Balance to the extent that expenditures related to the restriction contributed to the excess of expenditures over revenues.
3. Committed Fund Balance to the extent that expenditures related to the commitment contributed to the excess of expenditures over revenues. If a plan for periodic use of committed fund balance is reviewed and approved by the Board, committed fund balance will not be reduced by more than the amount designated in the plan.
4. Assigned Fund Balance to the extent that expenditures related to the assignment contributed to the excess of expenditures over revenues.
5. Unassigned Fund Balance for any remaining excess of expenditures over revenues.

The Business Manager or designee may assign fund balance for items deemed appropriate at any time prior to the issuance of the audited financial statements for a given year.

The Business Manager or designee shall be responsible for the enforcement of this policy.

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**  
**(CONTINUED)**

**Note 1: Summary of Significant Accounting Policies** (Continued)

**G. Revenues and Expenditures/Expenses**

**1. Program Revenues**

Amounts reported as 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. All internally dedicated resources are reported as general revenues rather than as program revenues.

**2. Property Taxes**

Real estate taxes for the School District are collected from its twelve townships and boroughs. The tax on real estate in these taxing districts for public school purposes for fiscal year 2024 was 42.55 mills (\$42.55 per \$1,000 of assessed valuation) as levied by the board. Assessed valuations of property are determined by Huntingdon County and the elected tax collectors are responsible for collection. The Board of School Directors also levies per capita taxes based on the census of residents in the school district. The total per capita tax levied by the District is \$10/person.

The schedule for real estate taxes levied for each fiscal year is as follows:

July 1	- Levy Date
July 1 - August 31	- 2% Discount Period
September 1 - October 31	- Face Payment Period
November 1 - December 31	- 5% Penalty Period
January 1	- Lien Date

The School District, in accordance with GAAP, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as determined by the administration. A portion of the net amount estimated to be collectible, which was measurable and available within 60 days, was recognized as revenue and the balance deferred in the fund financial statements. All taxes, net of uncollectible amounts, are recognized in the period for which levied in the government-wide financial statements, regardless of when collected.

**3. Compensated Absences**

Under the terms of personnel policies and union contracts, employees of the School District accumulate sick, personal, and/or vacation leave hours in varying amounts according to length of service and employee type. These benefits can be available for subsequent use or for payment upon termination or retirement. Accumulated sick, personal and vacation expense to be paid in future periods is accrued when the benefits are earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for amounts that have become due and are not yet paid.



**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**  
**(CONTINUED)**

**Note 2: Detailed Notes on All Activities and Funds (Continued)**

**A. Cash Deposits with Financial Institutions (Continued)**

**Concentrations of Credit Risk**

As of June 30, 2024, the District had no investments.

**Custodial Credit Risk - Deposits**

In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk but follows state law. As of June 30, 2024, the District's bank balance of \$9,691,951 was exposed to custodial credit risk because \$575,211 of the bank balance was uninsured and collateralized with pooled deposit funds not held in the School District's name. As of the same date, the District had exposure to custodial credit risk because \$8,729,679 of the bank balance was in (PLGIT) and (PSDLAF), which is uncategorized in accordance with GASB #40.

**B. Capital Assets**

Capital asset activity for the year ended June 30, 2024 is as follows:

	<u>Balance</u> <u>07/01/23</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance</u> <u>06/30/24</u>
<b><u>Governmental Activities</u></b>					
Capital Assets, not being depreciated:					
Land	\$ 269,649	\$ 0	\$0	\$ 0	\$ 269,649
Construction in Progress	<u>1,697,961</u>	<u>3,552</u>	<u>0</u>	<u>( 3,552)</u>	<u>1,697,961</u>
Total Capital Assets, not being depreciated	<u>\$ 1,967,610</u>	<u>\$ 3,552</u>	<u>\$0</u>	<u>(\$3,552)</u>	<u>\$ 1,967,610</u>
Capital Assets, being depreciated:					
Site Improvements	\$ 1,021,419	\$ 0	\$0	\$ 0	\$ 1,021,419
Building and Improvements	22,682,327	74,384	0	3,552	22,760,263
Furniture and Equipment	<u>4,100,656</u>	<u>80,404</u>	<u>0</u>	<u>0</u>	<u>4,181,060</u>
Total Capital Assets, being depreciated	<u>\$27,804,402</u>	<u>\$154,788</u>	<u>\$0</u>	<u>\$3,552</u>	<u>\$27,962,742</u>
Less Accumulated Depreciation for:					
Site Improvements	\$ 816,332	\$ 27,439	\$0	\$ 0	\$ 843,771
Building and Improvements	10,582,372	628,691	0	0	11,211,063
Furniture and Equipment	<u>3,761,116</u>	<u>109,522</u>	<u>0</u>	<u>0</u>	<u>3,870,638</u>
Total Accumulated Depreciation	<u>\$15,159,820</u>	<u>\$765,652</u>	<u>\$0</u>	<u>\$ 0</u>	<u>\$15,925,472</u>
Governmental Activities Capital Assets, Net	<u>\$14,612,192</u>	<u>(\$607,312)</u>	<u>\$0</u>	<u>\$ 0</u>	<u>\$14,004,880</u>
<b><u>Business-Type Activities</u></b>					
Machinery and Equipment	\$ 292,283	\$ 0	\$0	\$ 0	\$ 292,283
Less: Accumulated Depreciation	<u>( 228,151)</u>	<u>( 5,540)</u>	<u>0</u>	<u>0</u>	<u>( 233,691)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 64,132</u>	<u>(\$ 5,540)</u>	<u>\$0</u>	<u>\$ 0</u>	<u>\$ 58,592</u>

SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024  
(CONTINUED)

**Note 2: Detailed Notes on All Activities and Funds** (Continued)

**B. Capital Assets** (Continued)

Depreciation expense was charged to governmental functions as follows:

**Governmental Activities**

Instruction	\$551,269
Instruction Student Support	61,253
Administration and Financial Support	91,878
Maintenance	45,939
Student Activities	<u>15,313</u>
Total Depreciation Expense, Governmental Activities	<u>\$765,652</u>

**Business-Type Activities**

Food Service	<u>\$ 5,540</u>
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**C. Retirement Plans**

**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 by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The investments are reported at fair value.

***General Information about the Pension Plan***

**Plan Description**

PSERS is a governmental cost-sharing multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System 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 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members

SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024  
(CONTINUED)

**Note 2: Detailed Notes on All Activities and Funds** (Continued)

**C. Retirement Plans** (Continued)

**Pensions** (Continued)

***General Information about the Pension Plan*** (Continued)

**Benefits Provided** (Continued)

on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service.

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

Benefits are generally equal to 1% to 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  
JUNE 30, 2024  
(CONTINUED)**

**Note 2: Detailed Notes on All Activities and Funds (Continued)**

**C. Retirement Plans (Continued)**

**Pensions (Continued)**

**Contributions**

**Member Contributions:**

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

**Member Contribution Rates**

<u>Membership Class</u>	<u>Continuous Employment Since</u>	<u>Defined Benefit (DB) Contribution Rate</u>	<u>DC Contribution Rate</u>	<u>Total Contribution Rate</u>
T-C	Prior to July 22, 1983	5.25%	N/A	5.25%
T-C	On or after July 22, 1983	6.25%	N/A	6.25%
T-D	Prior to July 22, 1983	6.50%	N/A	6.50%
T-D	On or after July 22, 1983	7.50%	N/A	7.50%
T-E	On or after July 1, 2011	7.50% base rate with shared risk provision	N/A	Prior to 7/1/21: 7.50% After 7/1/21: 8.00%
T-F	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	Prior to 7/1/21: 10.30% After 7/1/21: 10.8%
T-G	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	Prior to 7/1/21: 8.25% After 7/1/21: 9.00%
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	Prior to 7/1/21: 7.50% After 7/1/21: 8.25%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

**Shared Risk Program Summary**

<u>Membership Class</u>	<u>Defined Benefit (DB) Base Rate</u>	<u>Shared Risk Increment</u>	<u>Minimum</u>	<u>Maximum</u>
T-E	7.50%	+/- 0.50%	5.50%	9.50%
T-F	10.30%	+/- 0.50%	8.30%	12.30%
T-G	5.50%	+/- 0.75%	2.50%	8.50%
T-H	4.50%	+/- 0.75%	1.50%	7.50%

**Employer Contributions:**

The school districts' contractually required contribution rate for fiscal year ended June 30, 2024 was 33.09% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$2,339,054 for the year ended June 30, 2024.

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**  
**(CONTINUED)**

**Note 2: Detailed Notes on All Activities and Funds** (Continued)

**C. Retirement Plans** (Continued)

**Pensions** (Continued)

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

At June 30, 2024, the District reported a liability of \$19,707,000, reduced by \$2,339,054 of contributions made subsequent to the management date, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2022 to June 30, 2023. 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, 2024, the District's proportion was .0443%, which was a decrease of .0009% from its proportion measured as of June 30, 2023.

The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Changes in Assumptions	\$127,607	\$ 0
Net Difference Between Projected and Actual Experience	6,146	203,507
Net Difference Between Projected and Actual Investment Earnings	315,316	( 244,344)
Changes in Proportions	<u>152,789</u>	<u>498,506</u>
	<u>\$601,858</u>	<u>\$457,669</u>

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

<b>Year Ended June 30:</b>	<b><u>Amount</u></b>
2025	(\$325,738)
2026	514,078
2027	( 44,151)

**Changes in Actuarial Assumptions**

The Total Pension Liability as of June 30, 2023 was determined by rolling forward the System's Total Pension Liability as of June 30, 2022 to June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation Date - June 30, 2022
- Actuarial cost method - Entry Age Normal - level % of pay.

SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024  
(CONTINUED)

**Note 2: Detailed Notes on All Activities and Funds** (Continued)

**C. Retirement Plans** (Continued)

**Pensions** (Continued)

**Changes in Actuarial Assumptions** (Continued)

- 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 was 7.00% as of June 30, 2022 and as of June 30 2023.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
  - Salary growth rate - decreased from 5.00% to 4.50%.
  - Real wage growth and merit or seniority increases (components for salary growth) - decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
  - Mortality rates - Previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study that was performed for the five year period ending June 30, 2020.

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

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**  
**(CONTINUED)**

**Note 2: Detailed Notes on All Activities and Funds (Continued)**

**C. Retirement Plans (Continued)**

**Pensions (Continued)**

**Changes in Actuarial Assumptions (Continued)**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Public Equity	30.0%	5.2%
Private Equity	12.0%	7.9%
Fixed Income	33.0%	3.2%
Commodities	7.5%	2.7%
Absolute Return	4.0%	4.1%
Infrastructure/MLPs	10.0%	5.4%
Real Estate	11.0%	5.7%
Cash	3.0%	1.2%
Leverage	( 10.5%)	1.2%
	100.0%	

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, 2023.

**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 Districts Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

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

SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024  
(CONTINUED)

**Note 2: Detailed Notes on All Activities and Funds** (Continued)

**C. Retirement Plans** (Continued)

**Pensions** (Continued)

**Sensitivity of the Districts Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** (Continued)

	<b>1% Decrease <u>6.00%</u></b>	<b>Current Discount Rate <u>7.00%</u></b>	<b>1% Increase <u>8.00%</u></b>
District's Proportionate Share of the Net Pension Liability	\$25,546,000	\$19,707,000	\$14,781,000
	<u>                    </u>	<u>                    </u>	<u>                    </u>

**Pension Plan Fiduciary Net Position**

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

Condensed summary information of the District's proportionate share of the PSERS assets, liabilities, and net position from the PSERS Comprehensive Annual Financial Report for the year ended June 30, 2023 is as follow:

Assets	\$35,394,000
Liabilities	( <u>3,359,000</u> )
 Net Position Held in Trust for Pension Benefits	 <u>\$32,035,000</u>

As of June 30, 2024, the District had the following elements related to its PSERS Plan:

Total Pension Expense	\$ 1,552,852
 Total Pension Expenditures	 <u>\$ 2,343,263</u>

In addition, as of June 30, 2024, the District had a payable of \$813,897 to the PSERS Pension Plan. The amount of \$605,517 represents the second quarter 2024 required contributions, while \$208,380 represents the liability related to accrued payroll as of June 30, 2024.

**D. Post-Employment Benefits Other Than Pensions (OPEB)**

Separate financial statements are not prepared for the defined healthcare plan described below.

The District changed its accounting and financial reporting for post-retirement benefits.

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024  
(CONTINUED)**

**Note 2: Detailed Notes on All Activities and Funds (Continued)**

**D. Post-Employment Benefits Other Than Pensions (OPEB) (Continued)**

<b><u>Summary of Plan Provisions</u></b>			
<b><u>Group</u></b>	<b><u>Eligibility</u></b>	<b><u>Coverage and Premium Sharing</u></b>	<b><u>Duration</u></b>
I. All Employees	Act 110/43	Act 100/43  One retiree who retired under a 2014/2015 ERIP receives an employer contribution of \$3,000 annually.	Member coverage is provided until Medicare eligibility.  Spouse coverage is provided until the earlier of member or spouse Medicare eligibility.

**Notes: Act 110/43 Eligibility**

All employees are eligible for this benefit upon retirement with 30 years of PSERS service or upon superannuation retirement.

**Act 110/43 Coverage and Premium Sharing**

Retired employees are allowed to continue coverage for themselves and their dependents in the employer's group health plan until the retired employee reaches Medicare age. In order to obtain coverage, retired employees must preclude payment equal to the premium determined for the purpose of COBRA.

**PSERS Supplement**

A retiree may receive a \$100 monthly medical reimbursement from PSERS if he (or she) meets one of the following qualifications at retirement:

1. 24.5 years of PSERS service.
2. Upon superannuation retirement with at least 15 years of PSERS service.

**PSERS Superannuation Retirement**

**1. Pension Class T-C or T-D**

An employee is eligible for PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS service, age 62 with 1 year of PSERS service or 35 years of PSERS service regardless of age. In general, these pension classes apply to individuals who were members of PSERS prior to July 1, 2011.

**2. Pension Class T-E or T-F**

An employee is eligible for PSERS superannuation retirement upon reaching age 65 with 3 years of PSERS 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 PSERS service. In general, these pension classes apply to individuals who became members of PSERS on or after July 1, 2011 and prior to July 1, 2019.

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024  
(CONTINUED)**

**Note 2: Detailed Notes on All Activities and Funds (Continued)**

**D. Post-Employment Benefits Other Than Pensions (OPEB) (Continued)**

**Notes:** (Continued)

**PSERS Superannuation Retirement (Continued)**

**3. Pension Class T-G**

An employee is eligible for PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 97 with a minimum of 35 years of PSERS service. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.

**4. Pension Class**

T-H An employee is eligible for PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.

**Actuarial Assumptions**

**Discount Rate**

4.13%, based on S&P Municipal Bond 20-Year High Grade Rate Index at July 1, 2023.

**Salary**

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

**Withdrawal**

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

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

SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024  
(CONTINUED)

**Note 2: Detailed Notes on All Activities and Funds** (Continued)

**D. Post-Employment Benefits Other Than Pensions (OPEB)** (Continued)

**Actuarial Assumptions** (Continued)

**Mortality**

PubT-2010 Headcount-Weighted Mortality Table including rates for contingent survivors for teachers. PubG-2010 Headcount-Weighted Mortality Table including rates for contingent survivors for all other employees.

Incorporated into the tables are rates projected generationally using Scale MP-2021 to reflect mortality improvement.

**Disability**

No disability was assumed.

**Retirement**

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

<u>Age</u>	<u>Special Early Retirement</u>		<u>TC &amp; TD Superannuation</u>		<u>TE, TF, TG, &amp; TH Superannuation</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
55	14.5%	14.5%	25.0%	16.0%	16.3%	19.5%
56	14.5%	14.5%	25.0%	20.0%	16.3%	19.5%
57	14.5%	15.0%	28.0%	28.0%	16.3%	19.5%
58	14.5%	15.0%	28.0%	30.0%	16.3%	19.5%
59	21.6%	20.7%	28.0%	30.0%	16.3%	19.5%
60	14.5%	15.0%	29.0%	31.0%	16.3%	19.5%
61	29.0%	29.0%	29.0%	31.0%	16.3%	19.5%
62	29.0%	29.0%	36.0%	31.0%	16.3%	19.5%
63	29.0%	29.0%	21.0%	20.0%	16.3%	19.5%
64	29.0%	29.0%	22.0%	25.0%	16.3%	19.5%
65	29.0%	29.0%	23.0%	28.0%	16.3%	19.5%
66	29.0%	29.0%	23.0%	27.0%	16.3%	19.5%
67	29.0%	29.0%	20.0%	23.0%	16.3%	19.5%
68	29.0%	29.0%	20.0%	22.0%	16.3%	19.5%
69	29.0%	29.0%	20.0%	23.0%	16.3%	19.5%
70	29.0%	29.0%	20.0%	23.0%	16.3%	19.5%
71-73	29.0%	29.0%	20.0%	20.0%	16.3%	19.5%
74-79	29.0%	29.0%	25.0%	25.0%	16.3%	19.5%
80+	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**Percent of Eligible Retirees Electing Coverage in Plan**

65% of eligible retirees are assumed to elect coverage.

SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024  
(CONTINUED)

**Note 2: Detailed Notes on All Activities and Funds** (Continued)

**D. Post-Employment Benefits Other Than Pensions (OPEB)** (Continued)

**Actuarial Assumptions** (Continued)

**Percent Married at Retirement**

80% of retirees are assumed to be married and 10% of spouses elect coverage in the plan at retirement. Non-spouse dependents are deemed to be immaterial.

**Spouse Age**

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

**Per Capita Claims Cost**

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

<b>Medical and Prescription Drug Combined</b>		
<u>Age</u>	<u>Males Rate</u>	<u>Females Rate</u>
45-49	\$ 7,329	\$10,585
50-54	\$ 9,706	\$11,962
55-59	\$11,822	\$12,517
60-64	\$15,427	\$14,379

**Retiree Contributions**

Retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate.

**Health Care Cost Trend Rate**

7.0% in 2023, with 0.5% decrease per year until 5.5% in 2026. Rates gradually decrease from 5.4% in 2027 to 4.1% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

**Actuarial Value of Assets**

Equal to the Market Value of Assets

**Actuarial Cost Method - Entry Age Normal**

Under the Entry Age Normal Cost Method, the Normal Cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The Accrued Liability as of the valuation date is the excess of the present value of future benefits over the present value of future Normal Cost. The Unfunded Accrued Liability is the excess of the Accrued Liability over the Actuarial Value of Assets. Actuarial gains and losses serve to reduce or increase the Unfunded Accrued Liability.

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024  
(CONTINUED)**

**Note 2: Detailed Notes on All Activities and Funds (Continued)**

**D. Post-Employment Benefits Other Than Pensions (OPEB) (Continued)**

**Actuarial Assumptions (Continued)**

**Participant Data**

Based on census information as of February 2024. Due to the timing of School District turnover, the data is believed to be representative of the population for the 2023-2024 school year.

**Changes in the Net OPEB Liability**

	----- Increase (Decrease) -----		
	Total OPEB Liability <u>(a)</u>	Plan Fiduciary Net Position <u>(b)</u>	Net OPEB Liability <u>(a) - (b)</u>
<b><u>Balances</u></b> - Beginning of Year	\$893,624	\$0	\$893,624
	-----	-	-----
Changes for the Year:			
Service Cost	\$ 41,272	\$0	\$ 41,272
Interest	36,556	0	36,556
Differences Between Expected and Actual Experience	( 120,433)		( 120,433)
Change of Assumptions	10,001	0	10,001
Benefit Payments	( 63,673)	<u>0</u>	( 63,673)
Net Changes	(\$ 96,277)	\$0	(\$ 96,277)
	-----	-	-----
<b><u>Balances</u></b> - End of Year	\$797,347	\$0	\$797,347
	=====	=	=====

**Components of the Net OPEB Liability**

Total OPEB Liability	\$797,347
Plan Fiduciary Net Position	<u>0</u>
Net OPEB Liability	\$797,347
	=====
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

	1% Decrease <u>3.13%</u>	Current Discount Rate <u>4.13%</u>	1% Increase <u>5.13%</u>
Net OPEB Liability (Asset)	\$852,648	\$797,347	\$744,935
	=====	=====	=====

SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024  
(CONTINUED)

**Note 2: Detailed Notes on All Activities and Funds** (Continued)

**D. Post-Employment Benefits Other Than Pensions (OPEB)** (Continued)

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates Current Rate</u>	<u>1% Increase</u>
Net OPEB Liability (Asset)	\$721,752	\$797,347	\$886,031
	=====	=====	=====

**Determination of OPEB Expense - Fiscal Year Ended June 30, 2024**

1. Service Cost	\$ 41,272
2. Interest on the Total OPEB Liability	36,556
3. Amortization of Deferred Outflows	107,756
4. Amortization of Deferred Inflows	( <u>203,075</u> )
Total OPEB Expense	( \$ 17,491 )
	=====

**Arising from Differences Between Expected and Actual Experience**

**Deferred Outflows of Resources**

<u>Date</u>	<u>Initial Balance</u>	<u>Annual Recognition</u>	<u>Remaining Balance</u>	<u>Remaining Recognition Period</u>	<u>Type</u>
July 1, 2017	\$944,691	\$106,987	\$195,782	2 years	Assumption Change
July 1, 2023	10,001	<u>769</u>	<u>9,232</u>	12 years	Assumption Change
		\$107,756	\$205,014		
		=====	=====		

**Deferred Inflows of Resources**

<u>Date</u>	<u>Initial Balance</u>	<u>Annual Recognition</u>	<u>Remaining Balance</u>	<u>Remaining Recognition Period</u>	<u>Type</u>
July 1, 2017	\$268,540	\$ 30,412	\$ 55,656	3 years	Experience Change
July 1, 2019	578,132	58,338	286,442	6 years	Experience Change
July 1, 2019	51,219	5,168	25,379	6 years	Assumption Change
July 1, 2021	869,103	66,854	668,541	11 years	Experience Change
July 1, 2021	163,912	12,609	126,085	11 years	Assumption Change
July 1, 2022	265,593	20,430	224,733	12 years	Assumption Change
July 1, 2023	120,433	<u>9,264</u>	<u>111,169</u>	12 years	Experience Change
Total		\$203,075	\$1,498,005		
		=====	=====		

SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024  
(CONTINUED)

**Note 2: Detailed Notes on All Activities and Funds** (Continued)

**D. Post-Employment Benefits Other Than Pensions (OPEB)** (Continued)

**Deferred Inflows of Resources** (Continued)

A positive unrecognized balance is a deferred outflow of resources, and a negative unrecognized balance is a deferred inflow of resources.

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences Between Expected and Actual Experience	\$ 0	\$1,121,808
Changes of Assumptions	205,014	376,197
Benefit Payments Subsequent to the Measurement Date (July 1, 2022)	<u>72,029</u>	<u>0</u>
Total	<u>\$277,043</u>	<u>\$1,498,005</u>

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

**Fiscal Year Ended June 30:**

2025	(\$ 95,319)
2026	( 108,343)
2027	( 171,894)
2028	( 171,894)
2029	( 166,185)
Thereafter	( 579,356)

**Other Postemployment Benefits - (PSERS)**

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

***General Information about the Health Insurance Premium Assistance Program***

**Health Insurance Premium Assistance Program**

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium.

SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024  
(CONTINUED)

**Note 2: Detailed Notes on All Activities and Funds** (Continued)

**D. Post-Employment Benefits Other Than Pensions (OPEB)** (Continued)

*General Information about the Health Insurance Premium Assistance Program* (Cont.)

**Health Insurance Premium Assistance Program** (Continued)

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, 2023, there were no assumed future benefit increases to participating eligible retirees.

**Premium Assistance Eligibility Criteria**

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

- Have 24 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

**Pension Plan Description**

PSERS is a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in 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**

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.

**Employer Contributions:**

The school districts' contractually required contribution rate for the fiscal year ended June 30, 2024 was 0.75% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$47,736 for the year ended June 30, 2024.

SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024  
(CONTINUED)

**Note 2: Detailed Notes on All Activities and Funds** (Continued)

**D. Post-Employment Benefits Other Than Pensions (OPEB)** (Continued)

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

At June 30, 2024, the District reported a liability of \$807,000, reduced by \$47,736 of contributions made subsequent to the measurement date, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, 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, 2022 to June 30, 2023. 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, 2024, the District's proportion was .0443%, which was a decrease of .0009% from its proportion measured as of June 30, 2023.

The District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$37,561	\$101,673
Net Difference Between Projected and Actual Experience	2,192	5,687
Net Difference Between Projected and Actual Investment Earnings	1,224	0
Changes in Proportions	<u>10,171</u>	<u>41,185</u>
	\$51,148	\$148,545
	<u>=====</u>	<u>=====</u>

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

<u>Year Ended June 30:</u>	<u>Amount</u>
2025	(\$36,979)
2026	( 51,197)
2027	( 9,221)
2028	0
2029	0
Thereafter	0

**Actuarial Assumptions**

The Total OPEB Liability as of June 30, 2023, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2022 to June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 4.13% - S&P 20 Year Municipal Bond Rate.

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**  
**(CONTINUED)**

**Note 2: Detailed Notes on All Activities and Funds (Continued)**

**D. Post-Employment Benefits Other Than Pensions (OPEB) (Continued)**

**Actuarial Assumptions (Continued)**

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

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2021 determined the employer contribution rate for fiscal year 2023.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: The actual date for retirees benefiting under the Plan as of July 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality Table for Males and Females, adjusted to reflect PSER's experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

Investments consist primarily of short term assets designed to protect the principal of the 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.

SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024  
(CONTINUED)

**Note 2: Detailed Notes on All Activities and Funds** (Continued)

**D. Post-Employment Benefits Other Than Pensions (OPEB)** (Continued)

**Actuarial Assumptions** (Continued)

<u>OPEB - Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	100.0%	1.2%

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, 2023.

**Discount Rate**

The discount rate used to measure the Total OPEB Liability was 4.13%. 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 4.13% which represents the S&P 20 year Municipal Bond Rate at June 30, 2023, was applied to all projected benefit payments to measure the total OPEB liability.

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2023, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2023, 92,677 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2023, 522 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the System net OPEB liability for June 30, 2023, calculated using current healthcare cost trends as well as what the System net OPEB liability would be if its health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

Dollar Amounts in Thousands			
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
System Net OPEB Liability	\$807,000	\$807,000	\$807,000

SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024  
(CONTINUED)

**Note 2: Detailed Notes on All Activities and Funds** (Continued)

**D. Post-Employment Benefits Other Than Pensions (OPEB)** (Continued)

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

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

	<b>1% Decrease <u>3.09%</u></b>	<b>Current Discount Rate <u>4.09%</u></b>	<b>1% Increase <u>5.09%</u></b>
District's Proportionate Share of the Net OPEB Liability	\$912,000	\$807,000	\$719,000
	<u>                    </u>	<u>                    </u>	<u>                    </u>

**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).

Condensed summary information of the District's proportionate share of the PSERS assets, liabilities, and net position from the PSERS Comprehensive Annual Financial Report for the year ended June 30, 2023 is as follows:

Assets	\$262,000
Liabilities	( <u>36,000</u> )
Net Position Held in Trust for Benefits	<u>\$226,000</u>

As of June 30, 2024, the District had the following elements related to its PSERS Plan:

Total OPEB Expense	( \$ 1,393 )
Total OPEB Expenditures	<u>\$ 47,609</u>

In addition, as of June 30, 2024, the District had a payable of \$16,604 to the PSERS OPEB plan. The amount of \$12,351 represents the second quarter 2024 required contributions, while \$4,253 represents the liability related to accrued payroll as of June 30, 2024.

As of June 30, 2024, the District consolidated the Net OPEB Liability as follows:

	<b><u>PSERS Plan</u></b>	<b><u>District Plan</u></b>	<b><u>Total</u></b>
Net OPEB Plan	\$759,264	\$797,347	\$1,556,611
	<u>                    </u>	<u>                    </u>	<u>                    </u>

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024  
(CONTINUED)**

**Note 2: Detailed Notes on All Activities and Funds (Continued)**

**E. Other Significant Commitments**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration of the general fund.

**F. Taxes Receivable**

The balances at June 30, 2024 are as follows:

	<u>Net Estimated to be Collectible</u>	<u>Allowance For Uncollectible Taxes</u>	<u>Gross Taxes Receivable</u>	<u>Tax Revenue Recognized</u>	<u>Unearned Taxes</u>
Real Estate	\$252,483	\$0	\$252,483	\$169,654	\$82,829
Other Taxes	<u>40,231</u>	<u>0</u>	<u>40,231</u>	<u>40,231</u>	<u>0</u>
Total	<u>\$292,714</u>	<u>\$0</u>	<u>\$292,714</u>	<u>\$209,885</u>	<u>\$82,929</u>

The unearned revenue balance in the general fund of \$82,829 consists of real estate taxes.

**G. Long-Term Liabilities**

The amount of long-term liabilities is \$19,223,657. The presentation of the debt is consistent with the generally accepted accounting principles in the presentation excludes interest and administrative expenses payable in future years from debt statements or other long-term debts. The total long-term debt represents the following:

Long-Term Portion of Compensated Absences	\$ 299,100
Net Pension Liability	17,367,946
Post-Retirement Benefits	<u>1,556,611</u>
Total Long-Term Debt Obligations	<u>\$19,223,657</u>

**Long-Term Portion of Compensated Absences**

**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. The total amount of compensated absences at June 30, 2024 is \$299,100.

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024  
(CONTINUED)**

**Note 2: Detailed Notes on All Activities and Funds (Continued)**

**G. Long-Term Liabilities (Continued)**

**Long-Term Portion of Compensated Absences (Continued)**

Long-term liability activity for the year ended June 30, 2024 is as follows:

	Beginning Balance <u>July 1, 2023</u>	<u>Additions</u>	<u>Reductions</u>	Ending Balance <u>June 30, 2024</u>	<u>Due Within One Year</u>
<b><u>Governmental Activities</u></b>					
Compensated Absences	\$ 247,821	\$50,054	\$ 0	\$ 297,875	\$0
Net Pension Liability	17,666,715	0	( 717,419)	16,949,296	0
Other Post-Employment Benefits	<u>1,655,043</u>	<u>0</u>	<u>( 135,954)</u>	<u>1,519,089</u>	<u>0</u>
<b>Total Governmental Activities Long-Term Liabilities</b>	<b><u>\$19,569,579</u></b>	<b><u>\$50,054</u></b>	<b><u>(\$853,373)</u></b>	<b><u>\$18,766,260</u></b>	<b><u>\$0</u></b>
<b><u>Business-Type Activities</u></b>					
Compensated Absences	\$ 1,068	\$ 157	\$ 0	\$ 1,225	\$0
Net Pension Liability	503,056	0	( 84,406)	418,650	0
Other Post-Employment Benefits	<u>47,127</u>	<u>0</u>	<u>( 9,605)</u>	<u>37,522</u>	<u>0</u>
<b>Total Business-Type Activities</b>	<b><u>\$ 551,251</u></b>	<b><u>\$ 157</u></b>	<b><u>(\$ 94,011)</u></b>	<b><u>\$ 457,397</u></b>	<b><u>\$0</u></b>

**H. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance.

**I. Related Party Transactions**

**Intermediate Unit Participation**

The District is a member of Tuscarora Intermediate Unit 11. Through the membership, the District is able to secure various special services including special education, curriculum development, and certain internal service functions.

**Joint Venture**

**Huntingdon County Career and Technology Center Participation**

The District is served by the Huntingdon County Career and Technology Center. Students of the District have available at the Center, courses and curricula related to various technical training fields. Costs of the Center are shared with other local school districts with Southern Huntingdon County School District contributing approximately 25.21% of the total. The Southern Huntingdon County School District paid approximately \$536,380 as its share to the Huntingdon County Career and Technology Center during the 2023-2024 fiscal year. The District currently has no residual interest in this joint venture; however, it would have an obligation to contribute its prorated share of unfunded future compensated absences in the estimated amount of \$30,288 and its prorated share of future loan payments in the estimated amount of \$518,961. A copy of the Annual Financial Report can be acquired by contacting the Business Manager at the Huntingdon County Career and Technology Center, Post Office Box E, Mill Creek, PA 17060.

SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024  
(CONTINUED)

**Note 2: Detailed Notes on All Activities and Funds (Continued)**

**J. Litigation**

In the normal course of conducting the business affairs and in providing education to the students of the area, the District sometimes becomes involved in lawsuits.

Management indicates that it is presently not involved in any lawsuits regarding issues and incidents of the District.

**K. Federal and State Compliance Under Financial Assistance Grants and Programs**

Grantor agencies reserve the right to perform certain audit work in addition to the work performed by the District's independent auditors. Disallowed costs, if any, resulting from such additional work, would have to be absorbed by the District. Management does not believe that any significant costs will be incurred by the District if such additional audits should occur.

**L. Participation in the Huntingdon County Schools Insurance Trust**

Effective January 1, 1993, the District agreed to participate in an insurance trust, comprised of six local educational agencies, which has been specifically established to purchase health and medical insurance coverage from Highmark Blue Cross/Blue Shield and dental and vision coverage on a cost plus plan in an effort to contain and limit the cost of such coverages, while establishing a Premium Stabilization Fund which will be used to pay settlement charges and ultimately contain such coverage's cost. Since charges are currently being levied and paid by the District, and since the contract period ends on June 30, 2024, no receivable or payable to the Trust has been reflected on these financial statements. As of June 30, 2024, the Trust had a positive funding status; however, final settlement relative to that period has not been made. As a result, the District has expensed all premiums through June 30, 2024. The Trust has available separate audited financial statements.

**M. On Behalf of Payments for Fringe Benefits**

The Commonwealth of Pennsylvania's share of social security of \$334,799 and retirement benefits of \$1,561,179 are included in the basic financial statements as revenue.

**N. Nonmonetary Transactions**

The District receives USDA Donated Commodities in the enterprise food service fund, which is a proprietary fund. These donated commodities are valued at an estimated market value and recognized as federal revenue with unused commodities recorded as inventory. The total food commodities donated by the federal government for fiscal year 2024 were \$47,593.

**O. Other Taxes Collected**

The following is a breakdown of other taxes collected:

Public Utility Tax	\$ 4,639
Payment in Lieu of Taxes	27,421
Per Capita Tax	31,601
Earned Income Tax	911,065
Real Estate Transfer Tax	<u>124,386</u>
Total	<u>\$1,099,112</u>

SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2024  
 (CONTINUED)

**Note 2: Detailed Notes on All Activities and Funds (Continued)**

**P. Fund Balances**

The District has classified its fund balances with the following hierarchy:

**Nonspendable**

The District has prepaid expenses in the amount of \$244,837, which are classified as nonspendable.

**Spendable**

The District has classified the spendable fund balances as Restricted, Committed, Assigned, and Unassigned and considered each to have been spent when expenditures are incurred.

**Restricted for Capital Projects**

The restricted fund balance in the amount of \$2,336,941 consist of funds transferred to the capital reserve fund, which are legally restricted for capital expenditures.

**Assigned for School Operations**

The Business Manager has set aside certain spendable fund balance for school operations. At year end, the assigned fund balance in the general fund is \$5,800,000.

**Unassigned**

The unassigned fund balance for the general fund is \$771,477.

**Q. Transfers**

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Purpose</u>
General	Capital Project	\$200,000	To replenish Capital Project Fund

**R. Economic Dependency**

The School District is economically dependent on the Commonwealth of Pennsylvania to provide both pass-through federal funds and direct state funds.

**S. District - General Obligation Note Guarantee**

The Southern Huntingdon County School District is a Guarantor on the Huntingdon County Career and Technology Center's USDA loan in the amount of \$2,200,000 towards the Career Center Building Project. The loan bears an interest rate of 2.375% with a maturity date of June 2060.

**Note 3: External Investment Pools**

The School District participates in (1) External Investment Pool - The Pennsylvania Local Government Investment Trust (PLGIT).

PLGIT's financial statements are available on their website [www.plgit.com](http://www.plgit.com).

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**  
**(CONTINUED)**

**Note 3: External Investment Pools** (Continued)

Per PLGIT's latest financial statements (December 31, 2023) all investments consist only of securities which are permitted under Pennsylvania law for borough's, towns, townships, counties, cities, school districts, and authorities of the Commonwealth of Pennsylvania. Portfolio securities are valued at amortized costs, which approximates fair value.

**Note 4: Subsequent Event**

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through November 26, 2024, the date the financial statements were available to be issued.

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
OPEB LIABILITY INFORMATION RELATED TO THE PENNSYLVANIA  
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (PSERS)  
SCHEDULE OF DISTRICT CONTRIBUTIONS**

	<b>For the Year Ended June 30, 2023</b>
Contractually Required Employer Contribution	\$ 51,000
Contributions in Relation to the Contractually Required Contribution	( <u>51,000</u> )
Contribution Deficiency (Excess)	\$ 0
	<hr style="border-top: 3px double #000;"/>
District's Covered Employee Payroll	\$6,833,700
	<hr style="border-top: 3px double #000;"/>
Contributions as a Percentage of Covered Employee Payroll	0.75%

	<b>For the Year Ended June 30, 2022</b>
Contractually Required Employer Contribution	\$ 54,000
Contributions in Relation to the Contractually Required Contribution	( <u>54,000</u> )
Contribution Deficiency (Excess)	\$ 0
	<hr style="border-top: 3px double #000;"/>
District's Covered Employee Payroll	\$6,834,804
	<hr style="border-top: 3px double #000;"/>
Contributions as a Percentage of Covered Employee Payroll	0.79%

	<b>For the Year Ended June 30, 2021</b>
Contractually Required Employer Contribution	\$ 52,679
Contributions in Relation to the Contractually Required Contribution	( <u>52,679</u> )
Contribution Deficiency (Excess)	\$ 0
	<hr style="border-top: 3px double #000;"/>
District's Covered Employee Payroll	\$6,596,188
	<hr style="border-top: 3px double #000;"/>
Contributions as a Percentage of Covered Employee Payroll	0.80%

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
OPEB LIABILITY INFORMATION RELATED TO THE PENNSYLVANIA  
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (PSERS)  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
(CONTINUED)**

	<b>For the Year Ended June 30, 2020</b>
Contractually Required Employer Contribution	\$ 55,264
Contributions in Relation to the Contractually Required Contribution	( <u>55,264</u> )
Contribution Deficiency (Excess)	\$ 0
	=====
District's Covered Employee Payroll	\$6,616,379
	=====
Contributions as a Percentage of Covered Employee Payroll	0.84%

	<b>For the Year Ended June 30, 2019</b>
Contractually Required Employer Contribution	\$ 54,639
Contributions in Relation to the Contractually Required Contribution	( <u>54,639</u> )
Contribution Deficiency (Excess)	\$ 0
	=====
District's Covered Employee Payroll	\$6,466,592
	=====
Contributions as a Percentage of Covered Employee Payroll	0.84%

	<b>For the Year Ended June 30, 2018</b>
Contractually Required Employer Contribution	\$ 53,280
Contributions in Relation to the Contractually Required Contribution	( <u>53,280</u> )
Contribution Deficiency (Excess)	\$ 0
	=====
District's Covered Employee Payroll	\$6,601,057
	=====
Contributions as a Percentage of Covered Employee Payroll	0.81%

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
OPEB LIABILITY INFORMATION RELATED TO THE PENNSYLVANIA  
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (PSERS)  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
OF THE NET OPEB LIABILITY**

	<b><u>Fiscal Year Ending June 30, 2023</u></b>
District's Proportion of the Net OPEB Liability	0.0446%
District's Proportionate Share of the Net OPEB Liability	\$ 807,000
District's Covered Employee Payroll	\$6,833,700
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Employee Payroll	11.81%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	7.22%

	<b><u>Fiscal Year Ending June 30, 2022</u></b>
District's Proportion of the Net OPEB Liability	0.0465%
District's Proportionate Share of the Net OPEB Liability	\$ 856,000
District's Covered Employee Payroll	\$6,834,804
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Employee Payroll	12.52%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	6.86%

	<b><u>Fiscal Year Ending June 30, 2021</u></b>
District's Proportion of the Net OPEB Liability	0.0470%
District's Proportionate Share of the Net OPEB Liability	\$1,016,000
District's Covered Employee Payroll	\$6,596,188
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Employee Payroll	15.40%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	5.69%

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
OPEB LIABILITY INFORMATION RELATED TO THE PENNSYLVANIA  
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (PSERS)  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
OF THE NET OPEB LIABILITY  
(CONTINUED)**

	<b><u>Fiscal Year Ending June 30, 2020</u></b>
District's Proportion of the Net OPEB Liability	0.0480%
District's Proportionate Share of the Net OPEB Liability	\$1,021,000
District's Covered Employee Payroll	\$6,616,379
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Employee Payroll	15.43%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	5.56%

	<b><u>Fiscal Year Ending June 30, 2019</u></b>
District's Proportion of the Net OPEB Liability	0.0480%
District's Proportionate Share of the Net OPEB Liability	\$1,001,000
District's Covered Employee Payroll	\$6,466,562
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Employee Payroll	15.48%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	5.56%

	<b><u>Fiscal Year Ending June 30, 2018</u></b>
District's Proportion of the Net OPEB Liability	0.0496%
District's Proportionate Share of the Net OPEB Liability	\$1,011,000
District's Covered Employee Payroll	\$6,601,057
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Employee Payroll	15.32%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	5.73%

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
OPEB LIABILITY INFORMATION  
RELATED TO THE PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES'  
RETIREMENT SYSTEM (PSERS)  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

***Changes in Benefit Terms***

None.

***Changes in Assumptions Used in Measurement of the Total OPEB Liability Beginning June 30, 2023***

The Discount Rate increased from 4.09% to 4.13%.

***Changes in Assumptions Used in Measurement of the Total OPEB Liability Beginning June 30, 2022***

The Discount Rate increased from 2.18% to 4.09%.

***Changes in Assumptions Used in Measurement of the Total OPEB Liability Beginning June 30, 2021***

The Discount Rate decreased from 2.66% to 2.18%. The inflation assumption was decreased from 2.75% to 2.50%. Payroll growth assumption decrease from 3.50% to 3.25%.

Salary growth changed from an effective average of 5.00%, which was comprised of inflation of 2.75%, real wage growth and for merit or seniority increases of 2.25%, to an 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 modified from the RP-2014 Mortality Tables for Males and Females to a blended table based on 50% PubT-2010 Employee (Total Teacher dataset) and 50% PubG-2010 (Total General Employees data), adjusted to reflect PSERS' experience and projected using a modified version MP-2020.

For disabled annuitants, the rates were modified from the RP-2014 Mortality Tables for Males and Females to Pub-2010 Disability Mortality Non-Safety Headcount Weighted Table, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020.

***Changes in Assumptions Used in Measurement of the Total OPEB Liability Beginning June 30, 2020***

The Discount Rate decreased from 2.79% to 2.66%.

***Changes in Assumptions Used in Measurement of the Total OPEB Liability Beginning June 30, 2019***

The Discount Rate decreased from 2.98% to 2.79%.

***Changes in Assumptions Used in Measurement of the Total OPEB Liability Beginning June 30, 2018***

The Discount Rate decreased from 3.13% to 2.98%.

***Changes in Assumptions Used in Measurement of the Total OPEB Liability Beginning June 30, 2017***

The Discount Rate increased from 2.71% to 3.13%.

***Changes in Assumptions Used in Measurement of the Total OPEB Liability Beginning June 30, 2016***

Salary growth changed from an effective average of 5.50%, which was comprised of inflation of 3.00%, real wage growth and for merit or seniority increases of 2.50%, to an effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.

Mortality rates were modified from the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. For disabled annuitants, the RP-2000 Combined Disabled Tables (male and female) with age set back 7 years for males and 3 years for females to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
OPEB LIABILITY INFORMATION  
RELATED TO THE PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES'  
RETIREMENT SYSTEM (PSERS)  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
(CONTINUED)**

***Method and Assumptions Used in Calculations of Actuarially Determined Contributions***

The actuarially determined contributions are calculated as of the June 30 preceding the fiscal year in which contributions are made. That is, the contribution calculated as of the June 30, 2022 actuarial valuation will be made during the fiscal year ending June 30, 2024. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

- Investment return - 4.13% - 20 year S&P Municipal Bond Rate.
- Salary growth - Effective average of 4.50%, which reflects an allowance for inflation of 2.50%, real wage growth and merit or seniority of 2.00%.
- Benefit payments - no postretirement benefit increases assumed in the future.
- Mortality Tables for Males and Females to a blended table based on 50% PUBT-2010 Employee (Total Teacher dataset) and 50% PubG-2010 (Total General Employees data), adjusted to reflect PSERS' experience and projected using a modified version MP-2020.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.

***10-Year Reporting Requirements***

Required Supplementary Schedules, as related to OPEB, are intended to show information for 10 years. Additional years will be displayed as they become available.

***The Accounting Valuation***

The GASB 74 accounting valuation can be found on PSERS' website at [www.psers.pa.gov](http://www.psers.pa.gov).

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
OPEB LIABILITY INFORMATION - SINGLE EMPLOYER  
SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS**

**2024**

**Total OPEB Liability**

Service Cost	\$ 41,272
Interest	36,556
Change of Benefit Terms	0
Differences Between Expected and Actual Experience	( 120,433)
Changes of Assumptions	10,001
Benefit Payments	( <u>63,673</u> )

Net Change in Total OPEB Liability (\$ 96,277)

**Total OPEB Liability** - Beginning 893,624

**Total OPEB Liability** - Ending \$ 797,347

Covered Employee Payroll \$6,399,958

Net OPEB Liability as a Percentage of Covered Employee Payroll 12.46%

**2023**

**Total OPEB Liability**

Service Cost	\$ 66,520
Interest	26,561
Change of Benefit Terms	0
Differences Between Expected and Actual Experience	0
Changes of Assumptions	( 265,593)
Benefit Payments	( <u>70,471</u> )

Net Change in Total OPEB Liability (\$ 242,983)

**Total OPEB Liability** - Beginning 1,136,607

**Total OPEB Liability** - Ending \$ 893,624

Covered Employee Payroll \$5,397,195

Net OPEB Liability as a Percentage of Covered Employee Payroll 16.56%

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
OPEB LIABILITY INFORMATION - SINGLE EMPLOYER  
SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS  
(CONTINUED)**

	<u>2022</u>
<b><u>Total OPEB Liability</u></b>	
Service Cost	\$ 60,871
Interest	74,995
Change of Benefit Terms	0
Differences Between Expected and Actual Experience	( 869,103)
Changes of Assumptions	( 163,912)
Benefit Payments	( <u>157,051</u> )
Net Change in Total OPEB Liability	(\$1,054,200)
<b><u>Total OPEB Liability</u></b> - Beginning	<u>2,190,807</u>
<b><u>Total OPEB Liability</u></b> – Ending	<u>\$1,136,607</u>
Covered Employee Payroll	\$5,397,195
Net OPEB Liability as a Percentage of Covered Employee Payroll	21.06%
	 <u>2021</u>
<b><u>Total OPEB Liability</u></b>	
Service Cost	\$ 63,198
Interest	75,436
Change of Benefit Terms	0
Differences Between Expected and Actual Experience	0
Changes of Assumptions	0
Benefit Payments	( <u>143,101</u> )
Net Change in Total OPEB Liability	(\$ 4,467)
<b><u>Total OPEB Liability</u></b> - Beginning	<u>2,195,274</u>
<b><u>Total OPEB Liability</u></b> - Ending	<u>\$2,190,807</u>
Covered Employee Payroll	\$5,362,637
Net OPEB Liability as a Percentage of Covered Employee Payroll	40.85%

SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 OPEB LIABILITY INFORMATION - SINGLE EMPLOYER  
 SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS  
 (CONTINUED)

	<u>2020</u>
<b><u>Total OPEB Liability</u></b>	
Service Cost	\$ 97,694
Interest	83,534
Change of Benefit Terms	0
Differences Between Expected and Actual Experience	( 578,132)
Changes of Assumptions	( 51,219)
Benefit Payments	( <u>184,468</u> )
Net Change in Total OPEB Liability	(\$ 632,591)
<b><u>Total OPEB Liability</u></b> - Beginning	<u>2,827,865</u>
<b><u>Total OPEB Liability</u></b> – Ending	<u>\$2,195,274</u>
Covered Employee Payroll	\$5,231,841
Net OPEB Liability as a Percentage of Covered Employee Payroll	41.96%
	 <b><u>2019</u></b>
<b><u>Total OPEB Liability</u></b>	
Service Cost	\$ 106,956
Interest	83,066
Change of Benefit Terms	0
Differences Between Expected and Actual Experience	0
Changes of Assumptions	0
Benefit Payments	( <u>155,079</u> )
Net Change in Total OPEB Liability	\$ 34,943
<b><u>Total OPEB Liability</u></b> - Beginning	<u>2,792,922</u>
<b><u>Total OPEB Liability</u></b> - Ending	<u>\$2,827,865</u>
Covered Employee Payroll	\$5,985,520
Net OPEB Liability as a Percentage of Covered Employee Payroll	47.25%

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**OPEB LIABILITY INFORMATION - SINGLE EMPLOYER**  
**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS**  
**(CONTINUED)**

	<u>2018</u>
<b><u>Total OPEB Liability</u></b>	
Service Cost	\$ 92,519
Interest	84,679
Change of Benefit Terms	0
Differences Between Expected and Actual Experience	( 268,540)
Changes of Assumptions	944,691
Benefit Payments	( 169,761)
Net Change in Total OPEB Liability	\$ 683,588
<b><u>Total OPEB Liability</u></b> - Beginning	<u>2,109,334</u>
<b><u>Total OPEB Liability</u></b> – Ending	<u>\$2,792,922</u>
Covered Employee Payroll	\$5,839,532
Net OPEB Liability as a Percentage of Covered Employee Payroll	47.83%

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 OPEB LIABILITY INFORMATION - SINGLE EMPLOYER  
 SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
 SCHEDULE OF CONTRIBUTIONS**

	<u><b>2024</b></u>
Actuarially Determined Contribution	N/A
Contributions in Relation to the Actuarially Determined Contribution	N/A
Contribution Deficiency (Excess)	N/A
	<hr style="border-top: 3px double #000;"/>
Covered Employee Payroll	\$6,399,958
Contributions as a Percentage of Covered Employee Payroll	N/A

**Schedule of Investment Returns**

	<u><b>2024</b></u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	N/A

	<u><b>2023</b></u>
Actuarially Determined Contribution	N/A
Contributions in Relation to the Actuarially Determined Contribution	N/A
Contribution Deficiency (Excess)	N/A
	<hr style="border-top: 3px double #000;"/>
Covered Employee Payroll	\$5,397,195
Contributions as a Percentage of Covered Employee Payroll	N/A

**Schedule of Investment Returns**

	<u><b>2023</b></u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	N/A

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 OPEB LIABILITY INFORMATION - SINGLE EMPLOYER  
 SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
 SCHEDULE OF CONTRIBUTIONS  
 (CONTINUED)**

	<u><b>2022</b></u>
Actuarially Determined Contribution	N/A
Contributions in Relation to the Actuarially Determined Contribution	N/A
Contribution Deficiency (Excess)	N/A
<hr/>	
Covered Employee Payroll	\$5,397,195
Contributions as a Percentage of Covered Employee Payroll	N/A

**Schedule of Investment Returns**

	<u><b>2022</b></u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	N/A

	<u><b>2021</b></u>
Actuarially Determined Contribution	N/A
Contributions in Relation to the Actuarially Determined Contribution	N/A
Contribution Deficiency (Excess)	N/A
<hr/>	
Covered Employee Payroll	\$5,362,637
Contributions as a Percentage of Covered Employee Payroll	N/A

**Schedule of Investment Returns**

	<u><b>2021</b></u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	N/A

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
OPEB LIABILITY INFORMATION - SINGLE EMPLOYER  
SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
SCHEDULE OF CONTRIBUTIONS  
(CONTINUED)**

	<u>2020</u>
Actuarially Determined Contribution	N/A
Contributions in Relation to the Actuarially Determined Contribution	N/A
Contribution Deficiency (Excess)	N/A
<hr/>	
Covered Employee Payroll	\$5,231,841
Contributions as a Percentage of Covered Employee Payroll	N/A

**Schedule of Investment Returns**

	<u>2020</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	N/A

	<u>2019</u>
Actuarially Determined Contribution	N/A
Contributions in Relation to the Actuarially Determined Contribution	N/A
Contribution Deficiency (Excess)	N/A
<hr/>	
Covered Employee Payroll	\$5,985,520
Contributions as a Percentage of Covered Employee Payroll	N/A

**Schedule of Investment Returns**

	<u>2019</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	N/A

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**OPEB LIABILITY INFORMATION - SINGLE EMPLOYER**  
**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF CONTRIBUTIONS**  
**(CONTINUED)**

	<u>2018</u>
Actuarially Determined Contribution	N/A
Contributions in Relation to the Actuarially Determined Contribution	N/A
Contribution Deficiency (Excess)	N/A
<hr style="border-top: 3px double #000;"/>	
Covered Employee Payroll	\$5,839,532
Contributions as a Percentage of Covered Employee Payroll	N/A

**Schedule of Investment Returns**

	<u>2018</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	N/A

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
OPEB LIABILITY INFORMATION - SINGLE EMPLOYER  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**Changes of Assumptions**

The discount rate changed from 4.06% to 4.13%. The trend assumption was updated.

**Changes of Benefit Terms**

Each year's loss (or gain) is recognized over a closed period, using the average of the expected remaining service lives of all active and inactive employees that are currently receiving a benefit or may be eligible to receive a benefit in the future.

These figures are based on estimated benefit payments. These amounts may be adjusted for actual benefit payments made during the year.

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
DEFINED BENEFIT PENSION PLAN INFORMATION  
RELATED TO THE PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES'  
RETIREMENT SYSTEM (PSERS)  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY**

	<b>As of June 30, 2023 <u>Measurement Date</u></b>
District's Proportion of the Collective Net Pension Liability	0.0443%
District's Proportionate Share of the Collective Net Pension Liability	\$19,707,000
District's Covered Employee Payroll	\$ 6,833,700
District's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered Employee Payroll	288.38%
PSERS' Fiduciary Net Position as a Percentage of the Total Pension Liability	61.85%

	<b>As of June 30, 2022 <u>Measurement Date</u></b>
District's Proportion of the Collective Net Pension Liability	0.0461%
District's Proportionate Share of the Collective Net Pension Liability	\$20,495,000
District's Covered Employee Payroll	\$ 6,834,804
District's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered Employee Payroll	299.86%
PSERS' Fiduciary Net Position as a Percentage of the Total Pension Liability	61.34%

	<b>As of June 30, 2021 <u>Measurement Date</u></b>
District's Proportion of the Collective Net Pension Liability	0.0470%
District's Proportionate Share of the Collective Net Pension Liability	\$23,142,000
District's Covered Employee Payroll	\$ 6,596,188
District's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered Employee Payroll	350.84%
PSERS' Fiduciary Net Position as a Percentage of the Total Pension Liability	54.32%

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
DEFINED BENEFIT PENSION PLAN INFORMATION  
RELATED TO THE PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES'  
RETIREMENT SYSTEM (PSERS)  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
(CONTINUED)**

	<b>As of June 30, 2020 <u>Measurement Date</u></b>
District's Proportion of the Collective Net Pension Liability	0.0480%
District's Proportionate Share of the Collective Net Pension Liability	\$22,456,000
District's Covered Employee Payroll	\$ 6,616,379
District's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered Employee Payroll	339.40%
PSERS' Fiduciary Net Position as a Percentage of the Total Pension Liability	55.66%

	<b>As of June 30, 2019 <u>Measurement Date</u></b>
District's Proportion of the Collective Net Pension Liability	0.0480%
District's Proportionate Share of the Collective Net Pension Liability	\$23,042,000
District's Covered Employee Payroll	\$ 6,466,592
District's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered Employee Payroll	356.32%
PSERS' Fiduciary Net Position as a Percentage of the Total Pension Liability	54.00%

	<b>As of June 30, 2018 <u>Measurement Date</u></b>
District's Proportion of the Collective Net Pension Liability	0.0496%
District's Proportionate Share of the Collective Net Pension Liability	\$24,497,000
District's Covered Employee Payroll	\$ 6,601,057
District's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered Employee Payroll	371.11%
PSERS' Fiduciary Net Position as a Percentage of the Total Pension Liability	51.84%

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
DEFINED BENEFIT PENSION PLAN INFORMATION  
RELATED TO THE PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES'  
RETIREMENT SYSTEM (PSERS)  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
(CONTINUED)**

	<b>As of June 30, 2017 <u>Measurement Date</u></b>
District's Proportion of the Collective Net Pension Liability	0.0468%
District's Proportionate Share of the Collective Net Pension Liability	\$23,193,000
District's Covered Employee Payroll	\$ 6,084,133
District's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered Employee Payroll	382.46%
PSERS' Fiduciary Net Position as a Percentage of the Total Pension Liability	50.14%

	<b>As of June 30, 2016 <u>Measurement Date</u></b>
District's Proportion of the Collective Net Pension Liability	0.0490%
District's Proportionate Share of the Collective Net Pension Liability	\$21,224,000
District's Covered Employee Payroll	\$ 6,307,703
District's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered Employee Payroll	336.48%
PSERS' Fiduciary Net Position as a Percentage of the Total Pension Liability	54.36%

	<b>As of June 30, 2015 <u>Measurement Date</u></b>
District's Proportion of the Collective Net Pension Liability	0.0490%
District's Proportionate Share of the Collective Net Pension Liability	\$21,224,000
District's Covered Employee Payroll	\$ 6,307,703
District's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered Employee Payroll	336.48%
PSERS' Fiduciary Net Position as a Percentage of the Total Pension Liability	57.24%

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
DEFINED BENEFIT PENSION PLAN INFORMATION  
RELATED TO THE PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES'  
RETIREMENT SYSTEM (PSERS)  
SCHEDULE OF DISTRICT'S CONTRIBUTION**

	<b>For the Year Ended June 30, 2023</b>
Contractually Required Employer Contribution	\$2,321,236
Contributions in Relation to the Contractually Required Contribution	( <u>2,321,236</u> )
Contribution Deficiency (Excess)	\$ 0
District's Covered Employee Payroll	<u>\$6,833,700</u>
Employer's Contributions in Relation to the Contractually Required Contribution as a Percentage of Covered Employee Payroll	33.97%
	<b>For the Year Ended June 30, 2022</b>
Contractually Required Employer Contribution	\$2,296,165
Contributions in Relation to the Contractually Required Contribution	( <u>2,296,165</u> )
Contribution Deficiency (Excess)	\$ 0
District's Covered Employee Payroll	<u>\$6,834,804</u>
Employer's Contributions in Relation to the Contractually Required Contribution as a Percentage of Covered Employee Payroll	33.60%
	<b>For the Year Ended June 30, 2021</b>
Contractually Required Employer Contribution	\$2,153,069
Contributions in Relation to the Contractually Required Contribution	( <u>2,153,069</u> )
Contribution Deficiency (Excess)	\$ 0
District's Covered Employee Payroll	<u>\$6,596,188</u>
Employer's Contributions in Relation to the Contractually Required Contribution as a Percentage of Covered Employee Payroll	32.64%

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
DEFINED BENEFIT PENSION PLAN INFORMATION  
RELATED TO THE PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES'  
RETIREMENT SYSTEM (PSERS)  
SCHEDULE OF DISTRICT'S CONTRIBUTION  
(CONTINUED)**

	<b>For the Year Ended June 30, 2020</b>
Contractually Required Employer Contribution	\$2,194,766
Contributions in Relation to the Contractually Required Contribution	( <u>2,194,766</u> )
Contribution Deficiency (Excess)	\$ 0
<hr style="border-top: 1px solid black;"/>	
District's Covered Employee Payroll	\$6,616,379
<hr style="border-top: 1px solid black;"/>	
Employer's Contributions in Relation to the Contractually Required Contribution as a Percentage of Covered Employee Payroll	33.17%

	<b>For the Year Ended June 30, 2019</b>
Contractually Required Employer Contribution	\$2,146,069
Contributions in Relation to the Contractually Required Contribution	( <u>2,146,069</u> )
Contribution Deficiency (Excess)	\$ 0
<hr style="border-top: 1px solid black;"/>	
District's Covered Employee Payroll	\$6,466,592
<hr style="border-top: 1px solid black;"/>	
Employer's Contributions in Relation to the Contractually Required Contribution as a Percentage of Covered Employee Payroll	33.19%

	<b>For the Year Ended June 30, 2018</b>
Contractually Required Employer Contribution	\$2,037,464
Contributions in Relation to the Contractually Required Contribution	( <u>2,037,464</u> )
Contribution Deficiency (Excess)	\$ 0
<hr style="border-top: 1px solid black;"/>	
District's Covered Employee Payroll	\$6,601,057
<hr style="border-top: 1px solid black;"/>	
Employer's Contributions in Relation to the Contractually Required Contribution as a Percentage of Covered Employee Payroll	30.87%

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
DEFINED BENEFIT PENSION PLAN INFORMATION  
RELATED TO THE PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES'  
RETIREMENT SYSTEM (PSERS)  
SCHEDULE OF DISTRICT'S CONTRIBUTION  
(CONTINUED)**

	<b>For the Year Ended June 30, 2017</b>
Contractually Required Employer Contribution	\$1,885,863
Contributions in Relation to the Contractually Required Contribution	( <u>1,885,863</u> )
Contribution Deficiency (Excess)	\$ 0
	<hr style="border-top: 1px solid black;"/>
District's Covered Employee Payroll	\$6,599,623
	<hr style="border-top: 1px solid black;"/>
Employer's Contributions in Relation to the Contractually Required Contribution as a Percentage of Covered Employee Payroll	28.58%
	<b>For the Year Ended June 30, 2016</b>
Contractually Required Employer Contribution	\$1,524,302
Contributions in Relation to the Contractually Required Contribution	( <u>1,524,302</u> )
Contribution Deficiency (Excess)	\$ 0
	<hr style="border-top: 1px solid black;"/>
District's Covered Employee Payroll	\$6,045,074
	<hr style="border-top: 1px solid black;"/>
Employer's Contributions in Relation to the Contractually Required Contribution as a Percentage of Covered Employee Payroll	25.22%
	<b>For the Year Ended June 30, 2015</b>
Contractually Required Employer Contribution	\$1,524,302
Contributions in Relation to the Contractually Required Contribution	( <u>1,524,302</u> )
Contribution Deficiency (Excess)	\$ 0
	<hr style="border-top: 1px solid black;"/>
District's Covered Employee Payroll	\$6,045,074
	<hr style="border-top: 1px solid black;"/>
Employer's Contributions in Relation to the Contractually Required Contribution as a Percentage of Covered Employee Payroll	25.22%

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
DEFINED BENEFIT PENSION PLAN INFORMATION  
RELATED TO THE PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES'  
RETIREMENT SYSTEM (PSERS)  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

***Changes in Benefit Terms***

With the passage of Act 5 on June 12, 2017, class T-E & T-F members are now permitted to elect a lump sum payment of member contributions upon retirement.

***Changes in Assumptions Used in Measurement of the Total Pension Liability Beginning June 30, 2022 and June 30, 2023***

None

***Changes in Assumptions Used in Measurement of the Total Pension Liability Beginning June 30, 2021***

The Discount Rate decreased from 7.25% to 7.00%. The inflation assumption was decreased from 2.75% to 2.50%. Payroll growth assumption decreased from 3.50% to 3.25%.

Salary growth changed from an effective average of 5.00%, which was comprised of inflation of 2.75%, real wage growth and for merit or seniority increases of 2.25%, to an 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 modified from the RP-2014 Mortality Tables for Males and Females to a blended table based on 50% PubT-2010 Employee (Total Teacher dataset) and 50% PubG-2010 (Total General Employees data), adjusted to reflect PSERS' experience and projected using a modified version MP-2020.

For disabled annuitants, the rates were modified from the RP-2014 Mortality Tables for Males and Females to Pub-2010 Disability Mortality Non-Safety Headcount Weighted table, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020.

***Changes in Assumptions Used in Measurement of the Total Pension Liability Beginning June 30, 2017, Beginning June 30, 2018, Beginning June 30, 2019, and Beginning June 30, 2020***

None.

***Changes in Assumptions Used in Measurement of the Total Pension Liability Beginning June 30, 2016***

The Investment Rate of Return was adjusted from 7.50% to 7.25%. The inflation assumption was decreased from 3.00% to 2.75%.

Salary growth changed from an effective average of 5.50%, which was comprised of inflation of 3.00%, real wage growth and for merit or seniority increases of 2.50%, to an effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.

Mortality rates were modified from the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. For disabled annuitants, the RP-2000 Combined Disabled Tables (male and female) with age set back 7 years for males and 3 years for females to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

***Method and Assumptions Used in Calculations of Actuarially Determined Contributions***

The actuarially determined contributions are calculated as of the June 30 preceding the fiscal year in which contributions are made. That is, the contribution calculated as of the June 30, 2022 actuarial valuation will be made during the fiscal year ending June 30, 2024. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

- Investment return - 7.00%, includes inflation at 2.50% and the real rate of return 4.50%.

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
DEFINED BENEFIT PENSION PLAN INFORMATION  
RELATED TO THE PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES'  
RETIREMENT SYSTEM (PSERS)  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
(CONTINUED)**

***Method and Assumptions Used in Calculations of Actuarially Determined Contributions*** (Continued)

- Salary growth - Effective average of 4.50%, which reflects an allowance for inflation of 2.50%, real wage growth and merit or seniority of 2.00%.
- Benefit payments - no postretirement benefit increases assumed in the future.
- Mortality Tables for Males and Females to a blended table based on 50% PUBT-2010 Employee (Total Teacher dataset) and 50% PubG-2010 (Total General Employees data), adjusted to reflect PSERS' experience and projected using a modified version MP-2020.

***Changes in Assumptions Used in Measurement of the Total Pension Liability Beginning June 30, 2014 and June 30, 2015***

None

***Method and Assumptions Used in Calculations of Actuarially Determined Contributions***

The actuarially determined contributions are calculated as of the June 30 preceding the fiscal year in which contributions are made. That is, the contribution calculated as of the June 30, 2014 actuarial valuation will be made during the fiscal year ended June 30, 2016. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

- Investment return - 7.50%, includes inflation at 3.00%.
- Salary increases - Effective average of 5.50%, which reflects an allowance for inflation of 3.00%, real wage growth of 1%, and merit or seniority increases of 1.50%.
- Benefit payments - no postretirement benefit increases assumed in the future.
- Multiple decrement tables - mortality, vesting, retirement age, and withdrawal estimates are based upon tables provided by the actuary.

***The Accounting Valuation***

The GASB 67 accounting valuation can be found on PSERS' website at [www.psers.pa.gov](http://www.psers.pa.gov).

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b><u>Revenues</u></b>				
Local Sources	\$ 5,926,894	\$ 5,926,894	\$ 6,412,192	\$ 485,298
State Sources	12,386,526	12,386,526	12,675,669	289,143
Federal Sources	<u>394,500</u>	<u>394,500</u>	<u>457,950</u>	<u>63,450</u>
Total Revenues	<u>\$18,707,920</u>	<u>\$18,707,920</u>	<u>\$19,545,811</u>	<u>\$ 837,891</u>
<b><u>Expenditures</u></b>				
Regular Programs	\$ 7,259,330	\$ 7,259,330	\$ 7,317,757	(\$ 58,427)
Special Programs	2,814,649	2,814,649	2,897,278	( 82,629)
Vocational Education	825,586	825,586	912,570	( 86,984)
Other Instructional Programs	64,500	64,500	75,887	( 11,387)
Pupil Personnel Services	971,707	971,707	1,089,945	( 118,238)
Instructional Staff Support Services	881,987	881,987	941,660	( 59,673)
Administrative Services	1,156,480	1,156,480	1,187,566	( 31,086)
Pupil Health	121,480	121,480	120,974	506
Business Services	342,910	342,910	320,679	22,231
Operation and Maintenance of Plant Services	1,821,942	1,821,942	2,000,421	( 178,479)
Student Transportation Services	1,422,463	1,422,463	1,626,920	( 204,457)
Other Support Services	16,870	16,870	7,343	9,527
Student Activities	<u>442,266</u>	<u>442,266</u>	<u>466,863</u>	<u>( 24,597)</u>
Total Expenditures	<u>\$18,142,170</u>	<u>\$18,142,170</u>	<u>\$18,965,863</u>	<u>(\$ 823,693)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 565,750</u>	<u>\$ 565,750</u>	<u>\$ 579,948</u>	<u>\$ 14,198</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers Out	(\$ 565,750)	(\$ 565,750)	(\$ 200,000)	\$ 365,750
Total Other Financing Sources (Uses)	<u>(\$ 565,750)</u>	<u>(\$ 565,750)</u>	<u>(\$ 200,000)</u>	<u>\$ 365,750</u>
Net Change in Fund Balances	\$ 0	\$ 0	\$ 379,948	\$ 379,948
<b><u>Fund Balances</u></b> - July 1, 2023	<u>0</u>	<u>0</u>	<u>6,436,366</u>	<u>6,436,366</u>
<b><u>Fund Balances</u></b> - June 30, 2024	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,816,314</u>	<u>\$6,816,314</u>

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**Budgetary Data**

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

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

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

The School District must prepare a proposed budget at least thirty (30) days prior to the adoption of the annual budget. Final action cannot be taken on the proposed budget until after ten (10) days public notice. The District at its option may hold a public hearing on the proposed budget. The proposed budget must be available for public inspection at least twenty (20) days prior to the date set for adoption of the budget.

The board of directors may make transfers of funds appropriated to any particular item of expenditure during the last nine months of the fiscal year. An affirmative vote of a majority of all members of the board is required.

Fund balances in the budgetary reserve may be appropriated based on resolutions passed by the Board of Education, which authorize the School District to make expenditures.

Included in the general fund budget are program budgets as prescribed by the state and federal agencies funding the program. These budgets are approved on a program-by-program basis by the state or federal funding agency.

At the end of the year, any remaining amount in a budgeted item must be closed, as it is not permissible to carry the balance into the next year.

The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

The expenditures of the District presented on the financial statements are classified by Function.

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2024**

<u>Grantor Program Title</u>	<u>Source Code</u>	<u>Federal Assistance Listing #</u>	<u>Pass-Through Grantor's Number</u>	<u>Grant Period</u>
<b><u>U.S. Department of Education</u></b> (Passed Through Pennsylvania Department of Education)				
Title I - Grants to Local Education Agencies	I	84.010A	013-23-0406	08/29/2022-09/30/2023
Title I - Grants to Local Education Agencies	I	84.010A	013-24-0406	08/30/2023-09/30/2024
Total Federal Assistance Listing #84.010A				
Title II - Supporting Effective Instruction State Grants	I	84.367A	020-24-0406	08/30/2023-09/30/2024
Total Federal Assistance Listing #84.367A				
Title IV, Part A - Student Support and Academic Enrichment Program	I	84.424	144-24-0406	08/29/2022-09/30/2023
Total Federal Assistance Listing #84.424				
<b><u>Education Stabilization Fund</u></b>				
COVID-19 - ARP ESSER 7% Set Aside - Learning Loss	I	COVID-19 - 84.425U	225-21-0406	03/13/2020-09/30/2024
COVID-19 - ARP ESSER 7% Set Aside - Summer Program	I	COVID-19 - 84.425U	225-21-0406	03/13/2020-09/30/2024
COVID-19 - ARP ESSER 7% Set Aside - After School Program	I	COVID-19 - 84.425U	225-21-0406	03/13/2020-09/30/2024
Total Federal Assistance Listing #84.425U				
Total Education Stabilization Fund - Federal Assistance Listing #84.425				
<b><u>Special Education Cluster (IDEA)</u></b> (Passed Through Pennsylvania Department of Education and Intermediate Unit 11)				
Special Education - Grants to States	I	84.027	062-24-0011	07/01/2023-09/30/2024
Total Federal Assistance Listing #84.027				
Special Education - Preschool Grants	I	84.173	H173A240090	07/01/2023-06/30/2024
Total Federal Assistance Listing #84.173				
Total Special Education Cluster (IDEA)				
Total U.S. Department of Education				

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2024**

<u>Program or Award Amount</u>	<u>Total Received for Year</u>	<u>Accrued or (Deferred) Revenue July 1, 2023</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued or (Deferred) Revenue June 30, 2024</u>
\$264,785	\$ 19,010	\$19,010	\$ 0	\$ 0	\$ 0
328,007	<u>266,235</u>	<u>0</u>	<u>328,007</u>	<u>328,007</u>	<u>61,772</u>
	<u>\$ 285,245</u>	<u>\$19,010</u>	<u>\$ 328,007</u>	<u>\$ 328,007</u>	<u>\$61,772</u>
40,136	\$ 34,936	\$ 0	\$ 40,136	\$ 40,136	\$ 5,200
	<u>\$ 34,936</u>	<u>\$ 0</u>	<u>\$ 40,136</u>	<u>\$ 40,136</u>	<u>\$ 5,200</u>
20,729	\$ 20,729	\$ 0	\$ 20,729	\$ 20,729	\$ 0
	<u>\$ 20,729</u>	<u>\$ 0</u>	<u>\$ 20,729</u>	<u>\$ 20,729</u>	<u>\$ 0</u>
127,339	\$ 32,413	(\$23,579)	\$ 56,892	\$ 56,892	\$ 900
25,468	6,483	8,335	0	0	1,852
25,468	<u>6,483</u>	<u>8,335</u>	<u>0</u>	<u>0</u>	<u>1,852</u>
	<u>\$ 45,379</u>	<u>(\$ 6,909)</u>	<u>\$ 56,892</u>	<u>\$ 56,892</u>	<u>\$ 4,604</u>
	<u>\$ 45,379</u>	<u>(\$ 6,909)</u>	<u>\$ 56,892</u>	<u>\$ 56,892</u>	<u>\$ 4,604</u>
271,409	\$ 271,409	\$ 0	\$ 271,409	\$ 271,409	\$ 0
	<u>\$ 271,409</u>	<u>\$ 0</u>	<u>\$ 271,409</u>	<u>\$ 271,409</u>	<u>\$ 0</u>
948	\$ 0	\$ 0	\$ 948	\$ 948	\$ 948
	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 948</u>	<u>\$ 948</u>	<u>\$ 948</u>
	<u>\$ 271,409</u>	<u>\$ 0</u>	<u>\$ 272,357</u>	<u>\$ 272,357</u>	<u>\$ 948</u>
	<u>\$ 657,698</u>	<u>\$12,101</u>	<u>\$ 718,121</u>	<u>\$ 718,121</u>	<u>\$72,524</u>

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2024  
(CONTINUED)**

<u>Grantor Program Title</u>	<u>Source Code</u>	<u>Federal Assistance Listing #</u>	<u>Pass-Through Grantor's Number</u>	<u>Grant Period</u>
<b><u>U.S. Department of Agriculture</u></b>				
(Passed Through Pennsylvania Department of Education and Pennsylvania Department of Agriculture)				
<b><u>Child Nutrition Cluster</u></b>				
USDA Donated Foods	I	10.555	N/A	07/01/2023-06/30/2024
National School Lunch Program - Federal	I	10.555	N/A	07/01/2023-06/30/2024
COVID-19 - Supply Chain Assistance	I	COVID-19 - 10.555	N/A	07/01/2023-06/30/2024
Total Federal Assistance Listing #10.555				
School Breakfast Program - Federal	I	10.553	N/A	07/01/2023-06/30/2024
Total Federal Assistance Listing #10.553				
Total Child Nutrition Cluster				
Farm to School Grant Program	I	10.575	N/A	07/01/2023-06/30/2024
Total Federal Assistance Listing #10.575				
COVID-19 State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Cost Grants	I	COVID-19 - 10.649	N/A	07/01/2023-06/30/2024
Total Federal Assistance Listing #10.649				
Total U.S. Department of Agriculture				
<b><u>U.S. Department of Health and Human Services</u></b>				
(Passed Through Pennsylvania Department of Health and Human Services)				
Medical Assistance Program	I	93.778	N/A	07/01/2023-06/30/2024
Total Federal Assistance Listing #93.778				
Total U.S. Department of Health and Human Services				
Total Expenditures of Federal Awards				

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2024  
(CONTINUED)**

<u>Program or Award Amount</u>	<u>Total Received for Year</u>	<u>Accrued or (Deferred) Revenue July 1, 2023</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued or (Deferred) Revenue June 30, 2024</u>
\$ 47,593	\$ 41,728 A	(\$ 8,022) B	\$ 47,593	\$ 47,593 C	(\$ 2,157) D
436,177	436,177		436,177	436,177	0
29,767	<u>29,767</u>	<u>0</u>	<u>29,767</u>	<u>29,767</u>	<u>0</u>
	\$ 507,672	(\$ 8,022)	\$ 513,537	\$ 513,537	(\$ 2,157)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
161,443	\$ 161,443	\$ 0	\$ 161,443	\$ 161,443	\$ 0
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	\$ 161,443	\$ 0	\$ 161,443	\$ 161,443	\$ 0
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	\$ 669,115	(\$ 8,022)	\$ 674,980	\$ 674,980	(\$ 2,157)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
10,000	\$ 0	\$ 0	\$ 10,000	\$ 10,000	\$10,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	\$ 0	\$ 0	\$ 10,000	\$ 10,000	\$10,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
3,256	\$ 3,256	\$ 0	\$ 3,256	\$ 3,256	\$ 0
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	\$ 3,256	\$ 0	\$ 3,256	\$ 3,256	\$ 0
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	\$ 672,371	(\$ 8,022)	\$ 688,236	\$ 688,236	\$ 7,843
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
2,186	\$ 2,186	\$ 0	\$ 2,186	\$ 2,186	\$ 0
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	\$ 2,186	\$ 0	\$ 2,186	\$ 2,186	\$ 0
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	\$ 2,186	\$ 0	\$ 2,186	\$ 2,186	\$ 0
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	\$1,332,255	\$ 4,079	\$1,408,543	\$1,408,543	\$80,367
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2024  
(CONTINUED)**

**Source Codes**

D - Direct Funding  
I - Indirect Funding

**Footnotes**

A - Total amount of commodities received from Department of Agriculture  
B - Beginning Inventory July 1  
C - Total amount of commodities used  
D - Ending inventory June 30

**Summary of Federal Expenditures**

Title I - Grants to Local Education Agencies	\$ 328,007
Title II - Supporting Effective Instruction State Grants	40,136
Title IV, Part A - Student Support and Academic Enrichment Program	20,729
Education Stabilization Fund	56,892
Special Education Cluster	272,357
Child Nutrition Cluster	674,980
Farm to School Grant Program	10,000
Pandemic Electronic Benefit Transfer (P-EBT) Administrative Cost Grants	3,256
Medical Assistance Program	<u>2,186</u>
 Total Expenditures	 \$1,408,543
	<u>20%</u>
 Minimum Amount Which Must be Tested	 \$ 281,709
	<u><u>          </u></u>

**Selected for Testing (Major Program)**

Child Nutrition Cluster	\$ 674,980
	<u>          </u>
	<u>\$ 674,980</u>

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2024**

**Note 1: Basis of Accounting**

The Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting. Revenues were adjusted to balance the expenditures incurred for each project.

**Note 2: Summary of 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. The Southern Huntingdon County School District has elected to not use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 3: Major Federal Programs**

An extensive compliance test, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) was performed on the Child Nutrition Cluster, which represents 47.92% of the total federal expenditures reflected on the Schedule of Expenditures of Federal Awards.

The 20% test for a low-risk auditee was satisfied as follows:

<u>Project Title</u>	<u>Federal Assistance Listing #</u>	<u>Expenditures</u>
Title I	84.010A	\$ 328,007
Title II	84.367A	40,136
Title IV, Part A	84.424	20,729
American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U	56,892
Special Education Cluster:		
Special Education - Grants to States	84.027	271,409
Special Education - Preschool Grants	84.173	948
Child Nutrition Cluster:		
National School Lunch Program (Selected for Test)	10.555	436,177
USDA Donated Commodities (Selected for Test)	10.555	47,593
COVID-19 Supply Chain Assistance (Selected for Test)	10.555	29,767
School Breakfast Program (Selected for Test)	10.553	161,443
Farm to School Grant Program	10.575	10,000
State Pandemic Electronic Transfer		
Administrative Cost Grants	10.649	3,256
Medical Assistance Program	93.778	<u>2,186</u>
 Total Expenditures		 \$1,408,543 x <u>20%</u>
 Minimum Amount Which Must Be Tested		 \$ <u>281,709</u>

SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2024  
(CONTINUED)

**Note 3: Major Federal Programs** (Continued)

The Child Nutrition Cluster exceeds \$281,709, and, therefore, represents the only program to which the specific compliance requirements must be applied.

**Note 4: In-Kind Federal Support**

USDA Donated Commodities are valued at market value, which represents the costs to replace those commodities.

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

To the Board of Directors  
Southern Huntingdon County School District  
10339 Pogue Road  
Three Springs, Pennsylvania 17264

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Southern Huntingdon County School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Southern Huntingdon County School District's basic financial statements, and have issued our report thereon dated November 26, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Southern Huntingdon County School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Southern Huntingdon County School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Southern Huntingdon County School District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001, 2024-002, and 2024-003 that we consider to be significant deficiencies.

**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  
(CONTINUED)**

**Report on Compliance and Other Matters**

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

**Southern Huntingdon County School District's Response to Findings**

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

**Purpose of this Report**

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

*Young, DeLee, Brown & Company, P.C.*

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

To the Board of Directors  
Southern Huntingdon County School District  
10339 Pogue Road  
Three Springs, Pennsylvania 17264

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

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

We have audited the Southern Huntingdon County School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Southern Huntingdon County School District's major federal programs for the year ended June 30, 2024. The Southern Huntingdon County School District's major federal programs are identified in the Summary of Auditor's Results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Southern Huntingdon County School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

***Basis for Opinion on Each Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

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

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

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

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

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

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

**Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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.

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

**Report on Internal Control Over Compliance (Continued)**

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 weakness 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.

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Southern Huntingdon County School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Southern Huntingdon County School District's basic financial statements. We issued our report thereon dated November 26, 2024, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 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.

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.

*Young, Decker, Brown & Company, P.C.*

Altoona, Pennsylvania  
November 26, 2024

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? Yes

Noncompliance material to financial statements noted? No

**Federal Awards**

Internal control over major Federal program:

Material weakness(es) identified? No

Significant deficiency(ies) identified? No

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

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

Identification of major Federal program:

Federal Assistance Listing #:	Name of Federal Program or Cluster:
10.553 and 10.555	Child Nutrition Cluster

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

Auditee qualified as low risk auditee? Yes

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2024  
(CONTINUED)**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**Finding 2024-001 - Athletic Event Ticket Sales**

**Condition**

For athletic event ticket sales, the ticket seller and second employee, who is responsible for review and approval, did not properly complete the ticket sales reconciliation. The ticket sales reconciliation documentation did not contain the two employees' signatures that document their reconciliation of ticket sales. In addition, ticket sales receipts were not deposited in a timely manner.

**Criteria**

Internal control best practices related to cash receipts would dictate to have procedures designed and implemented for depositing cash receipts within three business days. In addition, best practices would dictate having a documented reconciliation process that is operating as designed.

**Cause**

There was a lack of appropriate internal control procedures designed and implemented.

**Effect**

This could potentially result in a misstatement of athletic ticket revenue and misappropriation of assets.

**Recommendation**

We recommend that all ticket sales reconciliation reports be signed by the preparer and the second individual who is responsible for the review and approval. We also recommend that deposits for the event ticket sales be made within three business days.

**Finding 2024-002 - Student Activity Revenue**

**Condition**

Cash receipts were not deposited in a timely manner. For numerous transactions tested, deposits were not made within three business days.

In addition, deposit documentation was not always complete. We noted that several deposit reconciliations forms did not always contain the deposit date which documents the date cash receipts were received. We also noted that several deposit reconciliation forms did not contain the signature of the club advisor which documents their review and approval of the deposit.

**Criteria**

Internal control best practices related to cash receipts would dictate to have procedures designed and implemented for depositing cash receipts within three business days. In addition, best practices would dictate having a documented reconciliation process that is operating as designed.

**Cause**

There was a lack of appropriate internal control procedures designed and implemented.

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2024  
(CONTINUED)**

**SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding 2024-002 - Student Activity Revenue** (Continued)

**Effect**

This could potentially result in a misstatement of student activity revenue and misappropriation of assets.

**Recommendation**

We recommend that deposits for the event ticket sales be made within three business days. We also recommend that deposit reconciliations be completed as designed.

**Finding 2024-003 - Student Activity Expenses**

**Condition**

Supporting documentation for student activity expenses was not complete. We noted that for numerous transactions, documentation did not contain appropriate approval such as the club advisor's signature.

**Criteria**

Internal control best practices related to student activity expenses would dictate to procedures designed and implemented for ensuring that all required approvals are documented.

**Cause**

There was a lack of appropriate internal control procedures designed and implemented.

**Effect**

This could potentially result in a misstatement of student activity expenses and misappropriation of assets.

**Recommendation**

We recommend that the district design and implement internal control procedures to ensure that the approval of the expense is documented.

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2024  
(CONTINUED)**

**SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

There were no federal award findings or questioned costs for the year ended June 30, 2024.

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2024**

**Finding 2023-001 - Prevailing Wage Rates**

**Condition**

The Southern Huntingdon County School District does not have internal control procedures designed and implemented for the review of federal prevailing wage rate requirements.

**Status**

This condition was resolved during the audit period ended June 30, 2024.

**Finding 2023-002 - Debarred and Suspended Vendors**

**Condition**

The Southern Huntingdon County School District does not have internal control procedures designed and implemented for the review of federally debarred and suspended vendors.

**Status**

This condition was resolved during the audit period ended June 30, 2024.

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2024**

**Southern Huntingdon County School District**

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



**District Offices**  
Phone: (814) 447-5529  
**Elementary Office**  
Phone: (814) 447-3330  
**High School Office**  
Phone: (814) 447-5529

**Corrective Action Plan  
Year Ended June 30, 2024**

Southern Huntingdon County School District submits the following corrective action plan in response to the findings listed in Section II of the Schedule of Findings and Questioned Costs for the year ended June 30, 2024.

**Finding 2024-001 Athletic Event Ticket Sales**

**Condition:** For athletic event ticket sales, the ticket seller and second employee, who is responsible for review and approval, did not properly complete the ticket sales reconciliation. The ticket sales reconciliation documentation did not contain the two employees' signatures that document their reconciliation of ticket sales. In addition, ticket sales receipts were not deposited in a timely manner.

**Views of Responsible Officials:** The district's Business Manager is responsible for athletic event ticket sales. The Business Manager stated that they understand and agree with the finding.

**Planned Corrective Action:** The Business Manager will work closely with athletic event staff to ensure that reconciliation documentation is completed and that deposits are made in a timely manner. The Business Manager will emphasize with athletic event staff the importance of adhering to internal control best practices and established internal control procedures.

**Person Responsible for Corrective Action Plan:** Business Manager

**Anticipated Completion Date:** November 30, 2024

**Finding 2024-002 Student Activity Revenue**

**Condition:** Cash receipts were not deposited in a timely manner. For numerous transactions tested, deposits were not made within three business days.

In addition, deposit documentation was not always complete. We noted that several deposit reconciliations forms did not always contain the deposit date which documents the date cash receipts were received. We also noted that several deposit reconciliation forms did not contain the signature of the club advisor which documents their review and approval of the deposit.

**Views of Responsible Officials:** The district's Business Manager is responsible for student activity revenue. The Business Manager stated that they understand and agree with the finding.

**Planned Corrective Action:** Effective November 1, 2024, all student activity revenue will be processed by business office personnel. The Business Manager will work closely with the business office staff to ensure that reconciliation documentation is completed and that deposits are made in a timely manner.

*"An Equal Rights and Opportunities School District"*

**SOUTHERN HUNTINGDON COUNTY SCHOOL DISTRICT  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2024  
(CONTINUED)**

The Business Manager will emphasize with business office staff the importance of adhering to internal control best practices and established internal control procedures.

**Person Responsible for Corrective Action Plan:** Business Manager

**Anticipated Completion Date:** November 1, 2024

**Finding 2024-003 Student Activity Expenses**

**Condition:** Supporting documentation for student activity expenses was not complete. We noted that for numerous transactions, documentation did not contain appropriate approval such as the club advisor's signature.

**Views of Responsible Officials:** The district's Business Manager is responsible for student activity expenses. The Business Manager stated that they understand and agree with the finding.

**Planned Corrective Action:** Effective November 1, 2024, all student activity expenses will be processed by business office personnel. The Business Manager will work closely with business office staff to ensure that approval of expenses are adequately documented. The Business Manager will emphasize with business office staff the importance of adhering to internal control best practices and established internal control procedures.

**Person Responsible for Corrective Action Plan:** Business Manager

**Anticipated Completion Date:** November 1, 2024