

UNION SCHOOL DISTRICT

FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

UNION SCHOOL DISTRICT

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June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Union School District
354 Baker Street, Suite 2
Rimersburg, Pennsylvania

To the Members of the Board:

I 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 Union School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Union School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments; the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating

the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my 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 Union School District as of June 30, 2023, and the respective changes in financial position and its cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters – required supplementary information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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. I have applied certain limited procedures to the required supplemental 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information, because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Matters – other supplemental information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The *Statement of Changes in Net Position – Fiduciary Funds, Schedule of Revenues, Expenditures and Changes in Fund Balance – Activity Funds, Schedule of General Fund Revenues, and Schedule of Expenditures of Federal Awards* are presented for purposes of additional analysis and are not a required part of the 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated November 30, 2023 on my consideration of Union School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Union School District's internal control over financial reporting and compliance.



Richard G. Hawk
Certified Public Accountant
November 30, 2023

MANAGEMENT'S
DISCUSSION AND ANALYSIS

**UNION SCHOOL DISTRICT
354 Baker Street Suite 2
Rimersburg, PA 16248**

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

The discussion and analysis of Union School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements, and financial statements to enhance their understanding of the District's financial performance.

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

SCHOOL DISTRICT HIGHLIGHTS

The Union School District is comprised of the municipalities of Rimersburg and Sligo, as well as, portions of Toby, Madison, and Piney Townships, Clarion County, Pennsylvania, and covers an area of approximately 76.8 square miles. The School District employs approximately 10 administrative staff, 53 professional staff, and 48 classified staff.

The Union School District consists of one Kindergarten through fifth grade elementary school and one sixth grade through twelfth grade junior-senior high school.

ACADEMIC DESCRIPTION

Union School District continues to place an emphasis on student learning and the continued improvement of its academic programs, as well as, creating new programs to enhance that learning. A few highlights supporting this emphasis are:

- 1:1 technology initiative for grades K-12
- Implemented a School-Wide Positive Behavior Interventions and Supports (SWPBIS) Program to encourage positive behaviors
- Expanded and enhanced the use of the MTSS (Multi-Tiered System of Supports) as a standards-aligned, comprehensive school improvement framework to enhance academic, behavioral health and social-emotional learning outcomes for all students at the elementary level
- Partner with the local intermediate unit to revise curriculum in ELA (English Language Arts) and mathematics to enhance literacy and mathematical standards
- Expanded the use of SPIRE (Specialized Program Individualizing Reading Excellence) Curriculum in grades K-8 as a reading intervention for struggling or nonreaders

- Implemented the use of the CBM (Curriculum-Based Measurement) Module through Renaissance Learning to provide curriculum-based measures of reading in grades K-6 and mathematics in grades K-3
- Utilized a data coach at the elementary level to determine instructional strategies and structures to address student instructional needs
- Implemented use of an online library to provide access to reading materials that will increase reading engagement and reading growth
- Implemented summer programming for elementary students identified with skill deficits
- Continuance of a Home Skills Technology course that focuses on the foundations of basic carpentry, plumbing, electrical wiring, auto maintenance, and small engine repair

CAPITAL DESCRIPTION

The District began the renovation project in May of 2022 to the Union High School and Sligo Elementary School to upgrade facility conditions, enhance security and safety, and improve energy efficiency. The renovation project was continued during the 2022-2023 school year and will be concluded in the early 2023-2024 school year.

Facility Improvement Measures:

- District Wide Building Envelope Upgrade
- Union High School LED Lighting Upgrade
- Union High School Boiler Plant and Domestic Water Piping Replacement
- Sligo Elementary School Exterior Lighting Upgrade
- Sligo Elementary School HVAC System Upgrade With Cooling and BPI
- Sligo Elementary School Electrical System Replacement
- Sligo Elementary School Fire Alarm System Upgrade
- Sligo Elementary School Generator Replacement
- Sligo Elementary School Student/Staff Bathrooms Renovation
- Sligo Elementary School Window Replacement

The District also replaced old flooring at the Sligo Elementary School: main office, faculty room, and two classrooms.

The District also purchased two new 2023 Ford Transit U4X 10 Passenger Vans. One of the vans replaced the aging 2005 Chevrolet Express G6 Van. The second van was purchased to fulfil the flourishing needs for homeless and extracurricular transportation.

FINANCIAL HIGHLIGHTS

The School District's budget is prepared according to Pennsylvania law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The budgeting system is designed to tightly control expenditures, but leave flexibility to enhance programs of the district.

Actual general fund revenues in 2022-2023 were \$13,390,010. This exceeded budgeted revenues of \$13,403,841 by \$13,830. Actual general fund expenditures in 2022-2023 were \$14,145,841. This exceeded budgeted expenditures of \$13,655,484 by \$490,357. Expenditures included a transfer to the capital projects fund of \$1,252,894 and bond principal and interest of \$459,099. Overall, general fund actual expenditures exceeded general fund actual revenues by \$755,831 for the year ended June 30, 2023.

General fund balance on June 30, 2022 was \$5,866,974. With the net deficit in 2022-2023 of \$755,831, the District's general fund balance decreased to \$5,111,143. The 2022-2023 deficit of \$755,831 was \$504,188 over the budgeted deficit of \$251,643. Of the \$5,111,143 general fund balance, \$32,000 is non-spendable, \$4,851,673 is committed, and the remaining unassigned fund balance at June 30, 2023 is \$227,470.

The District's entity wide fund balance, which includes the general fund and the capital reserve fund on June 30, 2022, was \$5,469,924. The capital reserve fund included \$358,781 that was earmarked for the current construction project.

With the net deficit in 2022-2023 of \$3,878,850, the District's entity wide fund balance decreased to \$5,469,924.

Chart A-1 shows how the required parts of the Financial Section are arranged and relate to one another.

Chart A-1
Required components of
Union School District's
Financial Report

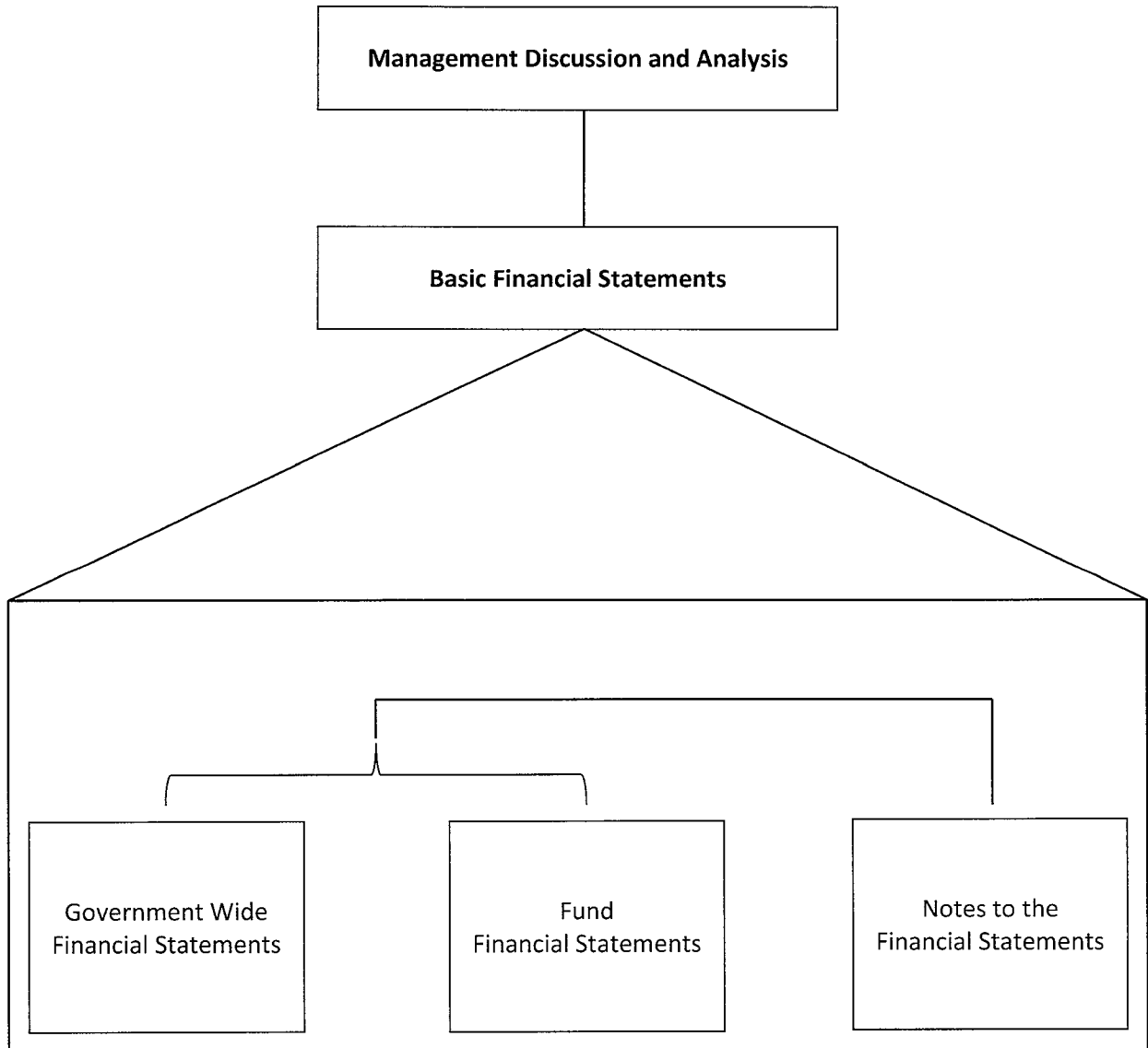


Chart A-2 summarizes the major features of the District’s financial statements, including the portion of the District they cover and the types of information they contain. The remainder of this overview section of management discussion and analysis explains the structure and contents of each of the statements.

Chart A-2				
Major Features of Union School District’s Government-Wide and Fund Financial Statements				
	Government-Wide Statements	Governmental Funds	Fund Statements	
			Proprietary Funds	Fiduciary Funds
Scope	Entire District (Except Fiduciary Funds)	The activities of the District that are not proprietary or fiduciary, such as education, administration and community services	Activities the District operates similar to private business – Food Services	Instances in which the District is the trustee or agent to someone else’s resources – Scholarship Funds
Required Financial Statements	Statement of Net Assets Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balance	Statement of Net Assets Statement of Revenues, Expenses and Changes in Net Assets Statement of Cash Flows	Statement of Fiduciary Net Assets Statement of Changes in Fiduciary Net Assets
Accounting Basis And Measurement Focus	Accrual Accounting and Economic Resources Focus	Modified Accrual Accounting and Current Financial Resources Focus	Accrual Accounting and Economic Resources Focus	Accrual Accounting and Economic Resources Focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included.	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term.
Type of Inflow-Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid.	All revenues and expenses during year, regardless of when cash is received or paid.

OVERVIEW OF FINANCIAL STATEMENTS

Government-wide Statements

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

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

- Over time, increases or decreases in the District's net assets are an indication of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional non-financial factors, such as changes in the District's property tax base, and student enrollment.

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

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

Fund Financial Statements

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

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

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

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District’s total liabilities and net position was (\$11,537,599) at June 30, 2022 and (\$16,461,190) at June 30, 2023.

TABLE A-1 ASSETS
FISCAL YEAR END JUNE 30, 2023

	Governmental Activities		Business-Type Activities		Totals	
	2022	2023	2022	2023	2022	2023
ASSETS						
Current and Other Assets	\$11,120,783	\$7,100,870	\$270,562	27,315	\$11,391,345	7,378,185
Capital Assets	5,697,686	3,632,446	19,866	17,006	5,717,552	3,649,452
TOTAL ASSETS	16,818,469	10,733,316	290,428	294,321	17,108,897	11,027,637
Deferred Outflows of Resources	862,000	548,000	0	0	862,000	548,000
TOTAL ASSETS & DEFERRED OUTFLOWS	17,680,469	11,281,316	290,428	294,321	17,970,897	11,575,637
LIABILITIES						
Current and other liabilities	1,899,630	2,033,787	112,720	164,329	2,012,350	2,198,116
Long-term liabilities	24,924,146	24,586,712	0	0	24,924,146	24,586,712
TOTAL LIABILITIES	26,823,776	26,620,499	112,720	164,329	26,936,496	26,784,828
Deferred Inflows of Resources	2,572,000	1,252,000	0	0	2,572,000	1,252,000
TOTAL LIABILITIES & DEFERRED INFLOWS	29,395,776	27,872,499	112,720	164,329	29,508,496	28,036,828
NET POSITION						
Capital assets net of related debt	507,179	(1,218,681)	19,866	17,006	527,045	(1,201,675)
Capital Projects	3,481,800	358,781	0	0	3,481,800	358,781
Other restrictions	5,190,507	4,851,127	161,162	162,249	5,351,669	5,013,376
Unrestricted	(20,894,793)	(20,582,410)	(3,320)	(49,262)	(20,898,113)	(20,631,672)
TOTAL NET POSITION	(\$11,715,307)	(16,591,183)	\$177,708	129,993	(\$11,537,599)	(16,461,190)

Most of the District’s net assets are invested in capital assets (buildings, land, and equipment). The remaining unrestricted net assets are a combination of designated and undesignated amounts. The

designated balances are amounts set-aside to fund future purchases or capital projects as planned by the district.

The results of this year's operations as a whole are reported in the Statement of Activities. All expenses are reported in the first column. This statement also shows the grants, revenues, and subsidies that directly relate to the expense categories as well as the net expense or revenue.

The two largest general revenues are the Basic Education Subsidy provided by the State of Pennsylvania, and the local taxes assessed to community taxpayers.

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

Table A-2 shows the various expense functions within the District – instruction, instructional student support, administrative, operation and maintenance of plant, pupil transportation, student activities, and community services.

**TABLE A-2 GOVERNMENT ACTIVITIES
FISCAL YEAR END JUNE 30, 2023**

Functions	Programs	Budgeted	Actual	Variance
1100	Regular Programs	\$5,426,631	\$5,460,774	(34,143)
1200	Special Programs	1,686,238	1,676,975	9,263
1300	Vocational Programs	516,939	505,671	11,268
1400	Other Instructional Programs	2,258	0.00	2,258
1500	Nonpublic School Programs	2,400	1,444	956
2100	Pupil Personnel Services	618,967	624,206	(5,238)
2200	Support Staff Services	189,809	158,586	31,222
2300	Administrative Services	1,064,199	955,357	108,842
2400	Pupil Health	175,450	167,728	7,722
2500	Business Services	143,163	133,925	9,338
2600	Operational & Maintenance	1,470,422	1,313,711	156,711
2700	Transportation	663,239	728,910.47	(65,671)
2800	Central Support Services	388,517	317,680	70,837
2900	Other Support Services	4,535	4,306	229
3200	Student Activities	397,136	357,140	0
3300	Community Services	10,352	17,336	(6,984)
4200	Existing Site Improvement	0	0	0
4500	Building Acquisition	0	10,200	(10,200)
4600	Existing Building Improvement	0	0	0
5100	Debt Services	459,225	459,099	123
5200	Interfund Transfers	436,004	1,252,894	(816,890)
5900	Budgetary Reserve	0.00	0.00	0.00
	Total Expenditures	\$13,655,484	\$14,145,841	(\$490,358)

Table A-3 reflects the activities of the Food Service program, the only Business-type activity of the District.

**TABLE A-3 BUSINESS TYPE ACTIVITIES
FISCAL YEAR END JUNE 30, 2023**

Food Services	
Total Cost of Service	\$544,563
Food Service Cash Revenue	43,012
Earnings on Investments	1,969
State Revenues	33,324
Federal Revenues	<u>417,457</u>
Net Cost of Service	(\$48,801)

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

THE DISTRICT FUNDS

At June 30, 2023, the District governmental funds reported a combined unreserved fund balance of \$7,100,870. That includes \$4,851,673 in designated funds to cover the principal of current debt and \$358,781 for construction expenses.

General Fund Budget

During the fiscal year, the Board of School Directors (The Board) may authorize revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. All adjustments are again confirmed at the time the annual audit is accepted, this is after the end of the fiscal year, which is not prohibited by state law. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in its Annual Financial Report.

The District applies for federal, state, and local grants and these grants cannot always be anticipated in the budgeting process. During the fiscal year 2022-2023, the District received a total of \$900,586 in state and federal grant awards which included \$165,488 via IDEA Part B received from the Federal Government through the Commonwealth of Pennsylvania under the provisions of the with the Individual with Disabilities Education Act, \$2,470 via IDEA Section 619 received from the Federal Government through the Commonwealth of Pennsylvania under the provisions of the Individual with Disabilities Education Act, \$157,782 via the Ready To Learn Block Grant, \$58,309 via School Mental Health & Safety and Security Grant received from the Pennsylvania Commission on Crime and Delinquency (PCCD) in accordance with Act 55 of 2022, \$19,065 via Safe Schools Targeted Grant for Equipment from the Commonwealth of Pennsylvania, \$207,897 via the ESSER II Elementary and Secondary School Emergency Relief Fund authorized by the CRRSA Act, \$246,574 via APR ESSER (ESSER III) Elementary and Secondary School Emergency Relief Fund authorized by the ARP Act, \$27,377 via ARP ESSER Learning Loss Fund authorized by the ARP Act, \$5,476 via ARP ESSER Summer Programs Fund authorized by the ARP Act, \$5,476 via ARP ESSER Afterschool Programs Fund authorized by the ARP Act, \$2,581 via ARP ESSER Homeless Children and Youth Funds authorized by the ARP Act, and \$2,092.11 via the Governor's Emergency Education Relief (GEER) Fund authorized by the CARES Act.

Budgeted expenditures and other financing uses also increased this same amount to compensate for the additional approved grants. Transfers between specific categories of expenditures/financing uses occur during the year. These amounts will only be appropriated into expenditure categories if the fiscal results of the prior year-end with a positive addition to fund balance, which exceeds the total of these projected expenditures. The Board is using this method of budgeting to control tax increases while also protecting the integrity of the fund balance.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2023, the District had \$3,632,446 invested in a broad range of capital assets, including land, buildings, and furniture and equipment.

**TABLE A-4 GOVERNMENTAL ACTIVITIES
CAPITAL ASSETS NET OF DEPRECIATION
FISCAL YEAR END JUNE 30, 2023**

Land & Site Improvements	\$ 173,961
Buildings & Improvements	3,103,459
Furniture & Equipment	299,981
<u>Construction In Process</u>	<u>55,045</u>
TOTAL	\$3,632,446

The District had an updated appraisal completed on June 20, 2023.

Debt Administration

The District had total outstanding debt principal of \$943,380 on a Note, Series A of 2021. During the year, the District made payments against the principal of \$333,790. The District also had a total outstanding debt principal of \$247,583 on Note, Series of 2021. During the year, the District made payments against the principal of \$5,500. The District had total outstanding debt principal of \$4,000,000 on a Note, Series of 2022. During the year, the District did not make any payments against the principal.

**TABLE A-5
OUTSTANDING DEBT AS OF JUNE 30, 2023**

General Obligation Notes/Bonds Principal:	
Note, Series A of 2021	\$609,590
Note, Series of 2021	\$242,083
Note, Series of 2022	\$4,000,000

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District does not expect significant growth in the near future given the residential nature of the community and the lack of economic opportunity within the region.

The revenue budget for the 2023-2024 year is \$13,204,912, which is \$203,929 less than the budgeted revenues of \$13,403,841 for 2022-2023. This represents an approximate 1.5% decrease. No significant increase in local revenue is expected. The District does expect to receive approximately \$242,295 in federal funds for ESSER funding in the 2023-2024 school year. ESSER funding will terminate at the end of 2023-2024 school year.

The expenditure budget for the 2023-2024 year is \$13,971,427, which is \$315,943 more than the budgeted expenditures of \$13,655,484 for 2022-2023. This represents an approximate 2.3% increase. For the 2023-2024 school year, the District increased the real estate tax rate by the Act 1 adjusted index of 4% from 54.1041 mills to 56.2682 mills.

The comparison of revenue and expenditure categories by percentage is as follows:

**TABLE A-6
COMPARISON OF REVENUE AND EXPENDITURES
BY PERCENTAGE**

Revenues	2021-2022	2022-2023
Local	20%	23%
State	67%	71%
Federal	13%	6%
Other	0%	0%
TOTAL	100%	100%

Expenditures	2021-2022	2022-2023
Instruction	50%	54%
Support Services	30%	31%
Non-Instruction/Community	2%	3%
Facilities & Construction	9%	0%
Fund Transfer/Debt	9%	12%
TOTAL	100%	100%

CONTACTING THE DISTRICT FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors, and creditors with a general overview of the District's finances and to show the Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact Megan Hepler, Business Manager at Union School District, 354 Baker Street Suite 2, Rimersburg, PA 16248 and 814-473-6311 ext. 9.

BASIC
FINANCIAL
STATEMENTS

Union School District
Statement of Net Position
June 30, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	883,571	\$104,023	\$987,594
Investments	5,930,319	162,249	6,092,567
Taxes Receivable, net	173,259		173,259
Due From Other Governments	81,721		81,721
Inventories	32,000	11,044	43,044
Total Current Assets	7,100,870	277,315	7,378,185
Noncurrent Assets:			
Land and Site Improvements (net)	173,961		173,961
Building & Improvements (net of Acc Depreciation)	3,103,459		3,103,459
Furniture & Equipment (net Acc Depreciation)	299,981	17,006	316,987
Construction in Process	55,045		55,045
Total Noncurrent Assets	3,632,446	17,006	3,649,452
TOTAL ASSETS	10,733,316	\$294,321	\$11,027,637
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Charges	\$466,000		\$466,000
Deferred OPEB Charges	82,000		\$82,000
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$548,000		\$548,000
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$11,281,316	\$294,321	\$11,575,637
LIABILITIES			
Current Liabilities:			
Due to General Fund		\$78,138	\$78,138
Accounts Payable	140,055		140,055
ST Portion of Compensated Absences	8,930		80,370
Current Portion of LT Debt	567,170		567,170
Other Current Liabilities	1,317,632	86,191	1,403,823
Total Current Liabilities	2,033,787	164,329	2,198,117
Noncurrent Liabilities:			
Loans Payable	4,283,957		4,283,957
LT Portion of Compensated Absences	80,370		80,370
Other Postemployment Benefits	5,239,385		5,239,385
Net Pension Liability	14,983,000		14,983,000
Total Noncurrent Liabilities	24,586,712	0	24,586,712
TOTAL LIABILITIES	26,620,499	164,329	26,784,829
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Credits	\$1,066,000		\$1,066,000
Deferred OPEB Credits	186,000		186,000
TOTAL DEFERRED INFLOWS OF RESOURCES	\$1,252,000	0	\$1,252,000
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	\$27,872,499	\$164,329	\$28,036,829
NET POSITION			
Net Investment in Capital Assets	(1,218,681)	17,006	-1,201,675
Assigned - Capital Projects Fund	358,781		358,781
Assigned - Scholarship Fund		162,249	162,249
Committed	4,851,127		4,851,127
Unrestricted (deficit)	(20,582,410)	(49,262)	(20,631,672)
TOTAL NET POSITION	(\$16,591,183)	\$129,993	(\$16,461,191)

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

**Union School District
Statement of Activities
For the Year Ended June 30, 2023**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Operating Charges for Services	Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Depreciation - unallocated	\$290,621			-290,621		-290,621
Instruction	7,644,863		6,324,945	-1,319,918		-1,319,918
Instructional Student Support	782,792		647,640	-135,152		-135,152
Administrative & Financial Support Services	1,578,896		1,306,293	-272,603		-272,603
Operation & Maintenance of Plant Services	1,323,911		1,095,332	-228,579		-228,579
Pupil Transportation	728,910		1,238,717	509,806		509,806
Student Activities	357,140	12,722		-344,418		-344,418
Community Services	17,336		3,788	-13,548		-13,548
Interest expense on Long-Term Debt	119,809			-119,809		-119,809
Other Operating Expenses	5,435,418			-5,435,418		-5,435,418
Total Governmental Activities	\$18,279,696	\$12,722	\$10,616,714	(\$7,650,260)		(\$7,650,260)
Business-type activities:						
Food Service	\$544,563	\$43,012	\$450,782		(\$50,770)	(\$50,770)
Scholarship Fund	4,470		0		(4,470)	(4,470)
Total Business-Type Activities	549,033	43,012	450,782	0	(\$5,240)	(\$5,240)
TOTAL PRIMARY GOVERNMENT	\$18,828,729	\$55,734	\$11,067,496	(\$7,650,260)	(\$55,240)	(\$7,705,500)
General revenues:						
Property taxes levied for general purposes, net				\$2,430,014		\$2,430,014
Investment Earnings				344,370	7,525	351,895
Transfers between Governmental, Business-type activities				0	0	0
Total General Revenues				2,774,384	7,525	2,781,909
CHANGES IN NET POSITION				(4,875,876)	(47,715)	(4,923,590)
Net Assets, Beginning				(11,715,307)	177,707	(11,537,600)
NET POSITION - END OF FISCAL YEAR				(\$16,591,183)	\$129,992	(\$16,461,190)

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

**UNION SCHOOL DISTRICT
BALANCE SHEET- GOVERNMENT FUNDS
JUNE 30, 2023**

	GENERAL	CAPITAL PROJECTS	TOTAL GOVERNMENT FUNDS
ASSETS			
Cash	\$883,571		\$883,571
Investments (at cost)	5,571,538	358,781	5,930,319
Taxes receivable	173,259		173,259
Due from other gov't units	81,721		81,721
Inventory of materials and supplies	32,000		32,000
TOTAL ASSETS	\$6,742,089	\$358,781	\$7,100,870
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$140,055		\$140,055
Other current liabilities	1,317,632		1,317,632
Deferred revenues	173,259		173,259
TOTAL LIABILITIES	\$1,630,946	\$0	\$1,630,946
 FUND BALANCES			
Non-spendable	\$32,000		\$32,000
Committed	4,851,673		4,851,673
Assigned	0	\$358,781	358,781
Unassigned	227,470		227,470
TOTAL FUND BALANCES	5,111,143	358,781	5,469,924
TOTAL LIABILITIES AND FUND BALANCES	\$6,742,089	\$358,781	\$7,100,870

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

Union School District
Reconciliation: Governmental Funds Balance Sheet To The Statement of Net Position
June 30, 2023

Total Fund Balances - Governmental Funds \$5,469,924

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

Capital Assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Assets	\$11,307,932	
Accumulated Depreciation	<u>(7,675,486)</u>	3,632,446

Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds. 173,259

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

Bonds payable		(4,851,127)
Compensated absences		(89,300)
Other Postemployment benefits		(5,239,385)
Net Pension Liability - GASB 68		(14,983,000)

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

Deferred Outflows of Resources Related to Pensions	466,000	
Deferred Inflows of Resources Related to Pensions	(1,066,000)	
Deferred Outflows of Resources Related to OPEB	82,000	
Deferred Outflows of Resources Related to OPEB	<u>(186,000)</u>	<u>(704,000)</u>

Total Net Position - Governmental Activities (\$16,591,183)

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENT FUNDS
YEAR ENDED JUNE 30, 2023**

	GENERAL FUND	CAPITAL PROJECTS FUND	TOTAL
Revenues			
Local Sources	\$ 3,054,950	\$ 13,810	\$ 3,068,760
State Sources	\$ 9,557,401		9,557,401
Federal Sources	\$ 777,659		777,659
	\$ 13,390,010	\$ 13,810	13,403,820
Expenditures			
Instruction	7,644,863		\$7,644,863
Support Services	4,404,309		4,404,309
Non-Instructional Services	374,476	109,538	484,013
Building Acquisition	10,200	4,280,185	4,290,385
Payment of bond principal	339,290		339,290
Interest Expense	119,809		119,809
	12,892,947	4,389,723	17,282,670
Excess of Revenues Over (Under) Expenditures	\$ 497,063	(4,375,913)	(3,878,850)
Other Financing Sources (Uses)	-	-	
Operating Transfers			
From General Fund to Cafeteria	-		-
From General Fund to Capital Projects Fund	(1,252,894)	1,252,894	-
Total Financing Sources (Uses) and Operating Transfers	(1,252,894)	1,252,894	-
Total Expenditures, Financing Sources (Uses) and Operating Transfers	14,145,841	3,136,829	17,282,670
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(755,831)	(3,123,019)	(3,878,850)
Fund Balance, Beginning of Year	5,866,974	3,481,800	\$9,348,774
Fund Balance, End of Year	\$5,111,143	\$358,781	\$5,469,924

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

**Union School District
Reconciliation: Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
To the Statement of Activities
For The Year Ended June 30, 2023**

Total net change in fund balances - governmental funds (3,878,850)

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 capital outlays exceeded depreciation in the period	(2,065,151)
Net decrease in Taxes Receivable recorded as reserve against fund balance	(53,446)
Net decrease in Compensated Absences recorded as reserve against fund balance	11,075
Net increase in Pension Liability not due and payable in current period and therefore not reported as a liability in government funds	(367,000)
Net decrease in Other Postemployment Benefits (OPEB) not due and payable in current period and therefore not reported as a liability in government funds	132,206
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	339,290
Changes in Deferred Inflows and Outflows of Resources related to Pension and OPEB are not recorded as revenues or expenditures in governmental funds	<u>1,006,000</u>

Change in net position of governmental activities (\$4,875,876)

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

**Union School District
Proprietary Fund (Food Service)
Statement of Net Position
June 30, 2023**

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 104,023
Investments	-
Inventories	11,044
Other Current Assets	

Total Current Assets	<u>\$ 115,067</u>
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Noncurrent Assets:

Furniture & Equipment (net)	\$ 17,006
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Total Noncurrent Assets	<u>\$ 17,006</u>
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TOTAL ASSETS	<u><u>\$ 132,073</u></u>
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LIABILITIES

Current Liabilities:

Accounts Payable	78,138
Other Current Liabilities	\$ 86,191

Total Current Liabilities	<u>\$ 164,329</u>
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TOTAL LIABILITIES	<u>\$ 164,329</u>
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NET POSITION

Invested in Capital Assets Net of Related Debt	\$ 17,006
Unrestricted	(49,262)

TOTAL NET POSITION	<u>\$ (32,256)</u>
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TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 132,073</u></u>
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The accompanying notes are an integral part of these financial statements.

Union School District
Statement of Revenues, Expenses and Changes in Net Position
For The Year Ended June 30, 2023

Operating Revenue	
Lunch and Milk Sales	\$43,012
State Subsidies	33,324
Federal Subsidies	417,457
	417,457
Total Operating Revenues	493,793
 Operating Expense	
Personal Services	329,711
Supplies	206,660
Repairs and Maintenance	1,711
Travel	3,125
Dues and Fees	496
Depreciation	2,860
	2,860
Total Operating Expenses	544,563
 Operating Income (Loss)	 (\$50,770)
 Nonoperating Revenue	
Investment Income	\$1,969
Operating Transfers	
In (Out)	0
	0
Net Income (loss)	(\$48,801)
 Net Position, Beginning of Year	 \$16,545
 Net Position, End of Year	 -\$32,256

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

Union School District
Statement of Cash Flows
For The Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash Received From Food Sales	\$ 493,793
Cash Paid for Labor and Benefits	(329,711)
Cash Paid for Purchases	(211,119)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ (47,037)

CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES

Operating Transfers In (Out)	-
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	-

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Increase in Other Current Liabilities	51,609
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	51,609

CASH FLOWS FROM INVESTING ACTIVITIES

Earnings on investments	1,969
NET CASH PROVIDED BY INVESTING ACTIVITIES	1,969

NET DECREASE IN CASH AND CASH EQUIVALENTS	6,541
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	97,482
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$104,023

Reconciliation of net income (loss) to net cash provided by (used for) operating activities:

Operating Income (loss)	(\$50,770)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation Expense	2,860
(Increase) Decrease in inventory	873
Total adjustments	3,733
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ (47,037)

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

**Union School District
Fiduciary Fund
Statement Net Position - Fiduciary Fund
For the year ended June 30, 2023**

	<u>Agency:</u> <u>Student Activity</u> <u>Fund</u>		<u>Private-Purpose:</u> <u>Scholarship</u> <u>Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 62,081	\$	-
Investments	\$ 3,657		162,249
TOTAL ASSETS	\$ 65,737	\$	162,249
LIABILITIES			
Other Current Liabilities	\$ 65,737		
TOTAL LIABILITIES	\$ 65,737		
RESTRICTED NET POSITION	\$ -	\$	162,249

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

NOTES TO THE
FINANCIAL STATEMENTS

UNION SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The **Union School District** (“District”) is located in Clarion County, Pennsylvania. The District’s tax base consists of the following Townships and Boroughs: Rimersburg and Sligo Boroughs; Piney, Madison, and Toby townships.

The District is a unit established, organized and empowered by the Commonwealth of Pennsylvania for the express purpose of carrying out, on the local level, the commonwealth’s obligation to public education, as established by the constitution of the Commonwealth and by the school law code of the same (Article II; Act 150, July 8, 1968).

A board of nine school directors who are residents of the District and who are elected every two years, on a staggered basis, for a four-year term, governs the District.

The Board of School Directors has the power and duty to establish, equip, furnish and maintain a sufficient number of elementary, secondary and other schools necessary to educate eligible students between the ages of 5 and 21 years residing in such district who may attend.

In order to establish, enlarge, equip, furnish, operate and maintain any schools, or to pay any school indebtedness which the District is required to pay, the Board of School Directors is vested with all necessary authority and power annually to levy and collect the taxes required and granted by the legislature, in addition to the annual state appropriation, and is vested with all necessary power and authority to comply with and carry out any or all of the provisions of the Public School code of 1949, as amended.

The most significant of the District’s accounting policies are described below:

A. Reporting Entity

In evaluating the District as a reporting entity, management has addressed all potential component units for which the District may or may not be financially accountable, and as such, be includable within the District’s financial statements. In accordance with Statement of Governmental Accounting Standards Board (GASB) No. 14 and No. 39, the District is financially accountable if it appoints a voting majority of the organization governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burden on the District. Additionally the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

Based upon the application of these criteria, the District has determined it has no component units which must be blended.

B. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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. Major individual governmental funds and major individual enterprise funds are reported as separate columns to the fund financial statements.

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

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are prepared 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 District considers tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues susceptible to accrual are tax revenues and tuition. Revenue from federal, state, and other grants designated for payment of specific expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The District reports the following major governmental funds:

- The General Fund is the District's primary operating fund, which accounts for all financial resources except those required to be accounted for in another fund.
- The Capital Reserve Fund was established to provide funds for certain capital projects, which consist of the acquisition, improvements, and additions to District buildings and facilities.

The District reports the following major proprietary funds:

- The Food Service Fund is used to account for the activities of the District's food service program.

In addition, The District reports the following fiduciary funds:

- Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. The School District's fiduciary funds consist of agency funds and private purpose trust funds. The agency funds are custodial in nature and do not involve measurement of results of operation. The agency funds are used to account for amounts held for student activities and scholarship activities. Fiduciary funds are not included in the government-wide financial statements. The following are the School District's fiduciary funds: *Agency Fund – Student Activities* - to report resources held by the School District in a custodial capacity for students and student organizations. *Private Purpose Trust Fund - Scholarship Fund* - to account for scholarship money under the control of the School District for the benefit of the students within the School District.

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

F. Capital Assets

Capital assets, which include property, plant, equipment, and construction in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

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

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

	<u>Years</u>
Site Improvements	15 – 20
Buildings and Building Improvements	20 – 40
Furniture and Equipment	5 – 20

G. Cash Equivalents and Investments

For the purposes of the statement of cash flows, the Proprietary Funds consider all highly liquid investments, with maturity of three months or less when purchased, to be cash equivalents.

Investments are valued at fair value.

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

Obligations of:

- a. The United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America,
- b. The Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth,
- c. Any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

H. Inventories and Prepaid Items

Inventory of food and milk in the Food Service Fund consists of supplies purchased and donated commodities received from the federal government. The donated commodities are valued at the USDA's approximate cost. Food and supplies are carried at cost using the first-in, first-out method. Inventories of Governmental Funds are recorded as expenditures when consumed rather than when purchased.

The inventories on hand in the Food Service Fund at June 30, 2023, consist of the following:

Purchased Food and Supplies	\$6,350
Donated Commodities	4,694
	<u>\$ 11,044</u>

I. Deferred Revenue

Deferred revenue arises when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Such is the case in the General Fund, where deferred revenue has been established to offset real estate tax receivables. Deferred revenue also arises when the District receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the Governmental Funds balance sheet and revenue is recognized.

J. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

K. Real Estate Taxes

Real estate taxes for the School District are collected from the Boroughs of Rimersburg and Sligo and the townships of Piney, Madison and Toby. The District’s real estate taxes are based on assessed values established by the County’s Board of Assessments. Elected local tax collectors collect the taxes. Real estate taxes are effectively levied on July 1. A discount of 2% is applied to payments made prior to August 31. A penalty of 10% is added to the face amount of taxes paid after October 31. The tax on real estate for public school purposes for fiscal 2022-23 was 52.0232 mills (\$52.0232 per \$1,000 of assessed valuation) as levied by the Board. Assessed valuations of property are determined by Clarion County and the elected tax collectors are responsible for collections. Unpaid current year real estate taxes are returned to Clarion County’s Tax Claim Bureau in January of each year.

NOTE 2 – DETAILED NOTES ON ALL FUNDS

A. Cash, Cash Equivalents, and Investments

Cash and Cash Equivalents

There are three categories of credit risk that apply to the government’s bank balances:

1. Insured or collateralized with securities held by the government or by the government’s agent in the government’s name.
2. Collateralized with securities held by the pledging financial institution’s trust department or the government’s agent in the government’s name.
3. Uncollateralized. (This includes any bank balance that is collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the entity’s name.)

Balances held in each category at June 30, 2023 are as follows:

	<u>1</u>	<u>2</u>	<u>3</u>
<u>GENERAL FUND:</u>			
Checking, Savings and Money Market Accounts	\$ _____	\$ _____	\$883,571
<u>CAPITAL PROJECTS FUND:</u>			
Checking Savings, and Money Market Account	\$ _____	\$ _____	\$382,931
<u>PROPRIETARY FUND – FOOD SERVICE:</u>			
Checking, Savings and Money Market Accounts	\$ _____	\$ _____	\$ 35,107

Investments consist of savings and money market accounts as follows:

<u>GENERAL FUND:</u>	
PA Local Government Investment Trust	\$4,281,538
Farmers Bank	700,000
Clarion County Community Bank	<u>590,000</u>
	<u>\$5,571,538</u>
<u>PROPRIETARY FUND – FOOD SERVICE:</u>	
PA Local Government Investment Trust	<u>\$ 68,916</u>
<u>TRUST AND AGENCY FUNDS (Scholarship):</u>	
Edward Jones	<u>\$162,248</u>
Total	<u>\$5,802,702</u>

Checking, savings, and money market accounts are covered by federal depository insurance or on a pooled basis under the provisions of Act 72 or 1971. GASB No. 3, Paragraph 69, provides that certain types of cash, such as cash in a state treasurer's investment pool or mutual funds, cannot be assigned a credit risk category because the government does not own specific securities. Therefore, the Pennsylvania Liquid Asset Fund cash included in these financial statements will not be assigned a credit risk category. The carrying value and market value of Pennsylvania Liquid Asset Fund cash, as of June 30, 2023, is \$4,350,454.

B. Due From Other Governmental Units

Amounts due from other governments represent receivables for revenues earned by the School District or collections made by another governmental unit on behalf of the School District. At June 30, 2023, the following amounts were due from other governmental units:

<u>Due From</u>	<u>General Fund</u>
Local education agencies	\$ 45,434
State government	3,186
Federal government	<u>33,101</u>
	<u>\$ 81,721</u>

C. Capital Assets

A summary of the governmental and business-type fixed asset activity for the 2020-21 fiscal year is as follows:

GOVERNMENTAL ACTIVITIES:

COST	Balance 7/1/2022	Note	Increases	Note	Decreases	Balance 6/30/2023
Land and Site Improvements	\$1,068,313	2	\$80,093			\$1,148,406
Building & Improvements	7,817,851			2	59,599	7,758,252
Furniture & Equipment	2,108,942	2	292,332			2,401,274
		3	109,538		109,538	
Construction In Process 2021-22	1,953,321			3	1,953,321	-
Construction In Process 2022-23		3	4,280,185	3	4,280,185	
TOTAL	\$12,948,427		\$4,762,148		\$6,402,643	\$11,307,932

ACCUMULATED DEPRECIATION	Balance 7/1/2022		Increases		Decreases	balance 6/30/2023
Land and Site Improvements	\$919,344	1	\$51,917			\$974,445
		2	\$3,184			
Building & Improvements	4,222,454	1	167,657			4,599,748
		2	209,637			
Furniture & Equipment	2,108,942	1	71,047			2,101,293
				2	78,696	-
TOTAL	\$7,250,740		\$503,442		\$78,696	\$7,675,486

NET BOOK VALUE	\$5,697,687		\$4,762,148		-\$503,442	\$3,632,446
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Notation:

(1) 2022-23 Depreciation Expense

(2) Adjustments from 6-30-23 Fixed Asset appraisal

(3) Cost of completed Capital Projects Fund expenditures, adjusted by appraisal

BUSINESS-TYPE ACTIVITIES:

	Balance 7/1/2022		Increases		Decreases	Balance 6/30/23
Furniture and Fixtures	\$53,087					\$53,087
Less: Accumulated Depreciation	(33,221)	4	2,860			(36,081)
NET BOOK VALUE	\$19,866		\$2,860			\$17,006

Notation:

(4) 2022-23 Depreciation expense

D. Deferred Revenues

Deferred revenues represent receivables that will be collected and included in revenues of future fiscal years. In the General Fund, deferred revenues of \$173,259 consist of delinquent taxes receivable that were levied in the current and prior years but will not be available to pay liabilities of the current period.

E. Bonds Payable

On March 23, 2021, the District issued two long-term bonds for the purpose of paying off the existing long term loan balance of \$1,568,880 plus accrued interest, and to provide funding for a new roof on the Rimersburg high school building in the amount of \$1,105,000. The bonds were issued in two separate issues, Series 2021 and 2021A.

On January 11, 2022, the District issued Note - Series of 2022 in the amount of \$4,000,000 to finance construction projects to be completed at the Union High School and Sligo Elementary School. The District made an unscheduled payment of \$1,038,873 against the principal of Note - Series of 2021, reducing the principal balance from \$1,286,000 to \$247,127. During the 2022-23 year, the scheduled payment of \$5,500 principal and \$2981.39 were made on the Series 2021 bonds, reducing the principal balance to \$241,627. The scheduled payment of \$333,790 principal and \$8,075.45 on the Series 2021A were made, reducing the principal balance to \$609,590. The scheduled interest payment of \$108,877.78 On the Series of 2022 bonds was made, with the principal balance remaining at \$4,000,000.

Current principal maturities of the three bonds (for the year ending 6-30-24) are:

Series of 2021	\$ 1,700
Series of 2021A	341,090
Series of 2022	224,380
<u>Total Current Maturities</u>	<u>\$567,170</u>

The following is a schedule of remaining principal, interest expense, and debt service requirements of the bonds until maturity:

SERIES OF 2021

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2024	1,700.00	2,937.47	4,637.47
2025	78,000.00	2,451.30	80,451.30
2026	161,927.00	987.75	162,914.75
TOTAL	\$241,627.00	\$6,376.52	\$248,003.52

SERIES OF 2021A

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2024	341,090.00	4,566.07	345,656.07
2025	268,500.00	1,396.20	269,896.20
TOTAL	\$609,590.00	\$5,962.27	\$615,552.27

SERIES OF 2022

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2024	\$ 224,380.00	92,918.66	317,298.66
2025	229,810.00	87,491.09	317,301.09
2026	235,370.00	81,932.19	317,302.19
2027	241,060.00	76,238.85	317,298.85
2028	246,900.00	70,407.73	317,307.73
2029	252,870.00	64,435.48	317,305.48
2030	258,990.00	58,318.75	317,308.75
2031	265,250.00	52,054.08	317,304.08
2032	271,670.00	45,637.89	317,307.89
2033	278,240.00	39,066.47	317,306.47
2034	284,970.00	32,336.11	317,306.11
2035	291,860.00	25,442.99	317,302.99
2036	298,920.00	18,383.16	317,303.16
2037	306,150.00	11,152.57	317,302.57
2038	313,560.00	3,747.04	317,307.04
TOTAL	<u>\$4,000,000.00</u>	<u>\$759,563.03</u>	<u>\$4,759,563.03</u>

F. 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; 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.state.pa.us.

Benefits provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined 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.

Contributions

Member Contributions:

Active members who joined the System prior to July 22, 1983, contribute at 5.25% (Membership Class T-C) or at 6.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25% (Membership Class T-C) or at 7.50% (Membership Class T-D) of the member's qualifying compensation.

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

Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3% (base rate) of the member's

qualifying compensation. Membership Class T-E and Class T-F are affected by a “shared risk” provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

Employer Contributions:

The school districts’ contractually required contribution rate for fiscal year ended June 30, 2022 was 33.99% 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 \$1,682,246 for the year ended June 30, 2023.

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

At June 30, 2022, the District reported a liability of \$14,616,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System’s total pension liability as of June 30, 2021 to June 30, 2022. The District’s proportion of the net pension liability was calculated utilizing the employer’s one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2023, the District’s proportion was .00337 percent, which was an decrease of 0.00018 from its proportion measured as of June 30, 202.

For the year ended June 30, 2023, the District recognized pension expense of \$1,794,213. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of resources
	<i>(in thousands of \$)</i>	
Difference between expected and actual experience	\$ 7	\$ 130
Changes of assumptions	447	0
Net difference between projected and actual investment earnings	0	255
Changes in proportions	12	681
Difference between employer contributions and proportionate share of total contributions	0	0
Contributions subsequent to the measurement date	0	0
	<u>\$ 466</u>	<u>\$1,066</u>

\$46,000 as reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$(167,000)
2024	(178,000)
2025	(609,000)
2026	355,000
<u>Thereafter</u>	<u>-0-</u>
<u>TOTAL</u>	<u>\$(599,000)</u>

Changes in Actuarial Assumptions

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

- Valuation date – June 30, 2021
- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return – 7.00%, includes inflation at 2.50%
- 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.
- 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% as of June 30, 2021 and as of June 30, 2022.
- 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.

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.

Investments

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

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

For the year ended June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 2.40%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

Calculation of the Employer Proportion and Employer Proportionate Share

Employer’s Proportion

The District’s employer proportion is calculated utilizing the District’s one-year reported contributions as a percentage of the total system one-year reported contributions. This method is consistent with GASB 68 in that the basis for calculation should be consistent with the manner in which contributions to the pension plan are determined.

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

	1% Decrease	Current Discount Rate	1% Increase
	6.00%	7.00%	8.00%
District's proportionate share of the net pension liability	\$ 19,379,000	\$ 14,983,000	\$ 11,276,000

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.pfers.state.pa.us.

G. Other Employee Benefits (Compensated Absences)

Vacation, Personal, and Sick Leave

Union School District employees are entitled to paid vacation, personal and sick days, depending on job status, length of service, and other factors. Sick leave, however, is the only benefit which may be carried forward to subsequent years. The total liability for compensated absences at June 30, 2023 is \$89,300.

H. - Other Postemployment Benefits

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Public School Employees’ Retirement System (PSERS) and additions to/deductions from PSERS’s fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit 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. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2021 there were no assumed future benefit increases to participating eligible retirees.

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

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

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

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.

Benefits provided

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

employer or the PSERS' Health Options Program. As of June 30, 2020 there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions:

The school districts' contractually required contribution rate for the fiscal year ended June 30, 2023 was 0.75% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$18,000 for the year ended June 30, 2023.

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

At June 30, 2021, the District reported a liability of \$620,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2021 to June 30, 2022. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2023, the District's proportion was 0.0337 percent, which was an decrease of 0.00018 from its proportion measured as of June 30, 2022.

For the year ended June 30, 2022, the District recognized OPEB expense of \$272,604. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred outflows</u>	<u>Deferred inflows</u>
Difference between expected and actual experience	\$ 6	\$ 3
Changes in assumptions	69	147
Net difference between projected and actual investment earnings	2	-0-
Changes in proportion	5	36
Contributions subsequent to the measurement date	<u>-0-</u>	<u>-0-</u>
	<u>\$ 82</u>	<u>\$186</u>

\$3,000 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2023	22
2024	16
2025	20
2026	23
2027	25
Thereafter	-
<u>Total</u>	<u>\$106</u>

3. Actuarial Assumptions

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

- Valuation date – June 30, 2021
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return – 4.09% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 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 following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2020 determined the employer contribution rate for fiscal year 2022.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality Tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

Discount rate & Changes in Actuarial Assumptions

The discount rate used to measure the Total OPEB Liability was 4.09%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date.

The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short term funding policy, 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 4.09% which represents the S&P 20 year Municipal Bond Rate at June 30, 2022, was applied to all projected benefit payments to measure the total OPEB liability.

Changes in Actuarial Assumptions:

- The discount rate used to measure the Total OPEB Liability increased from 2.18% as of June 30, 2021 to 4.09% as of June 30, 2022.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
 - Salary growth rate – decreased from 5% 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.

Investments

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

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

<u>OPEB- Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	<u>100%</u> <u>100.0%</u>	0.5%

For the year ended June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 0.35%. The money-weighted rate of

return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Calculation of the Employer Proportion and Employer Proportionate Share

Employer’s Proportion

The District’s employer proportion is calculated utilizing the District’s one-year reported covered payroll as a percentage of the total system one-year reported covered payroll. This method is consistent with GASB 75 in that the basis for calculation should be consistent with the manner in which contributions to the pension plan are determined.

Employers’ Proportionate Share of Deferred Outflows of resources, Deferred Inflows of Resources, and OPEB Expense

For determining the employer proportionate share amount of the Collective Deferred Outflows of Resources and Deferred Inflows of Resources, the employers’ proportionate share of June 30,2022 is multiplied by the End of Year Balance for each item. OPEB expense is calculated by multiplying the employers’ proportionate share as of June 30, 2022 by the System OPEB Expense.

System Net OPEB Liability

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

	<u>Dollar amounts in thousands:</u>		
	1% Decrease	Current Discount Rate	1% Increase
	3.09%	4.09%	5.09%
System net OPEB liability	\$2,081,691	\$1,840,771	\$1,639,172

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2022, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2022, 93,392 retirees were receiving the maximum amount allowed of \$1,200 per year, and 611 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.

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 for June 30, 2022, calculated using the discount rate of 4.09%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.09%) or 1-percentage-point higher (5.09%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	3.09%	4.09%	5.09%
the net OPEB liability	\$702,000	\$620,000	\$552,000

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

NOTE I – OTHER POST-EMPLOYMENT BENEFITS PLAN – DISTRICT PLAN (OPEB)

Plan Administration

The District administers an Other Postemployment Benefits (OPEB) plan providing medical and prescription drug, dental, and vision insurance benefits to retired employees and their dependents under certain conditions. The District does not issue a separate report that includes financial statements and required supplementary information for the OPEB plan.

Benefits Provided

Individuals who are employed by the District and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Coverage during retirement continues in the group health plans. Employees covered by the plan may make contributions toward the plan premiums, but the retirement policy includes premiums paid by the District towards the cost of the retiree coverage.

Plan Membership

As of July 1, 2020, plan membership consisted of the following:

Inactive members currently receiving benefits	3
Inactive members entitled to but not yet receiving benefits	0
Active members	63
Total	<u>66</u>

Investment Policy

The District’s obligation is unfunded as of July 1, 2022. There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Total OPEB Liability

As of July 1, 2022

Actuarial Present Value of Future Benefits	
Retired – Employees/Spouses	\$ 357,785
Actives – Employees/Spouses	<u>7,242,332</u>
Total	\$ 8,094,517
Total OPEB Liability	
Retired – Employees/Spouses	\$ 357,785
Actives – Employees/Spouses	<u>4,003,437</u>
Total	\$ 4,361,222

The total OPEB liability of the District at June 30, 2023 is projected to be \$4,619,385.

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, so the Net Fiduciary Position is \$0 and the Net OPEB Liability would be equal to the Total OPEB Liability.

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

The following presents the total OPEB liability, calculated using the current healthcare cost trend rate of 6.0% decreasing to 5.0%, as well as the total OPEB liability calculated using a healthcare cost trend rate that is 1-percentage point lower (5.0% to 4.0%) or 1-percentage point higher (7.0% to 6.0%) than the current rate:

	1% Decrease 4.5% decreasing to 4.0%	Current Healthcare Cost Trend Rate 5.5% decreasing to 5.0%	1% Increase 6.5% decreasing to 6.0%
Total OPEB Liability	\$4,019,637	\$4,619,385	\$5,327,418

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

The following presents the total OPEB liability, calculated using the current discount rate of 2.21%, as well as the total OPEB liability calculated using a discount rate that is 1-percentage point lower (1.21%) or 1-percentage point higher (3.21%) than the current rate:

	1% Decrease 2.54%	Current Discount Rate 3.54%	1% Increase 4.54%
Total OPEB Liability	\$4,922,176	\$4,619,385	\$4,273,468

Schedule of Changes in Total OPEB Liability

	Fiscal Year Ending June 30, 2021*	Fiscal Year Ending June 30, 2022*	Fiscal Year Ending June 30, 2023
Total OPEB Liability-Beginning of Year	\$3,705,583	\$4,257,987	\$4,530,591
Service Cost	229,593	232,454	196,166
Interest on Total OPEB Liability	92,445	98,593	159,604
Changes of Benefit Terms	0	0	0
Difference between Expected and Actual Experience	(127,701)	0	(206,569)**
Changes of Assumptions	398,075	0	(375,938)
Benefit Payments	<u>(35,008)</u>	<u>(58,443)</u>	<u>(97,607)**</u>
Net Change in Total OPEB Liability	552,404	272,604	88,794
 Total OPEB Liability-End of Year	 \$4,257,987	 \$4,530,591	 \$4,619,385
 Covered-Employee Payroll	 \$3,813,590	 \$3,947,066	 \$4,039,987
 Total OPEB Liability as a Percentage of the Covered-Employee Payroll	 111.65%	 114.78%	 114.34%

*The previous fiscal year results shown are based on results from the July 1, 2020 valuation.

**These are to be re-determined using actual employer contributions for the period July 1, 2022 to June 30, 2023. For self-insured plans, this is the difference between actual retiree claims/expenses and the actual retiree contributions for the retirees during this period. For fully insured plans this is the difference between the actual age-adjusted total retiree premiums and actual collected retiree contributions.

The difference between expected and actual experience for the period ending June 30, 2023 should be adjusted by the difference between actual employer contributions for the period July 1, 2022 to June 30, 2023 and the expected employer contribution of \$97,607 as shown above.

OPEB Expense

	Fiscal Year ending June 30, 2023
Service Cost	\$196,166
Interest on Total OPEB Liability	159,604
Effect of Plan Changes	0
Administrative Expenses	0
Economic/Demographic (Gains)/Losses*	206,569
Assumption Changes	<u>(375,938)</u>
OPEB Expense	<u>\$186,401</u>

*Economic/demographic (gains) and losses for the period ending June 30, 2023 should be adjusted by the difference between actual and expected employer contributions.

Expected Remaining Service Lives

Under GASB 75, gains and losses which are amortized over future years are referred to as deferred inflows or gains, and deferred outflows or losses. Economic and demographic gains and losses and changes in the total OPEB liability due to changes in assumptions are recognized over a closed period equal to the average expected remaining service lives of all covered active and inactive members, determined as of the beginning of the measurement period. The amortization period is calculated as the weighted average of expected remaining service lives assuming zero years for all inactive members.

However, if using AMM procedures changes of assumptions and the difference between expected and actual experience with regard to economic and demographic factors are immediately recognized in OPEB expense.

Deferred Inflows and Outflows of Resources

Under GASB 75, gains and losses which are amortized over future years are referred to as deferred inflows or gains, and deferred outflows or losses. Economic and demographic gains and losses and changes in the total OPEB liability due to changes in assumptions are recognized over a closed period equal to the average expected remaining service lives of all covered active and inactive members, determined as of the beginning of the measurement period. As of June 30, 2023 the deferred inflows and outflows of resources are as follows:

	Deferred Inflows Of Resources	Deferred Inflows Of Resources
Difference between Expected and actual Experience	N/A*	N/A*
Changes of Assumptions	N/A*	N/A*
Net difference between projected and actual earnings	0	0
Contributions made subsequent to measurement date	TBD	TBD
<hr/> Total	<hr/> 0	<hr/> 0

Other amounts currently reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in future years' OPEB expense as follows:

Year ending	Annual
June 30:	Recognition
2024	N/A*
2025	N/A*
2026	N/A*
2027	N/A*
2028	N/A*
Thereafter	N/A*

Using AMM procedures changes of assumptions and the differences between expected and actual experience with regard to economic and demographic factors are immediately recognized in OPEB expense.

NOTE J. Fund Balance/Net Position

In the *government-wide Statement of Net Position (Page 16)*, Net position is classified into categories according to external donor or legal restrictions or availability of assets to satisfy District obligations. Net position is classified as follows:

- Net Investment in Capital Assets of (\$1,218,681) consists of \$3,632,446 capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt attributable to the acquisition, construction, and improvement of the capital assets \$4,851,127.
- Assigned – Capital Projects Fund - amounts the School District intends to use for a specific purpose; as of June 30, 2023, management of the School District designated \$358,781 to be used as financial resources for capital projects.
- Committed Fund Balance of \$4,851,127 was set aside by the School Board to cover future increases in retirement contributions, debt, and medical insurance expenses.
- Unrestricted – consists of residual net position that does not meet the definition of “*net investment in fixed assets*”, *assigned, or committed* fund balances.

In the *Balance Sheet – Governmental Funds (Page 18)*, fund balances are reported in specific categories to make the nature and extent of the constraints placed on the School District’s fund balance more transparent in accordance with GASB No. 54, *Fund Balance and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non-spendable fund balance – amounts that are not in spendable form or are required to be maintained intact. The non-spendable fund balance at 6/30/2023 is \$32,000.
- Committed fund balance – amount constrained to specific purposes by the School District itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint. Committed Fund Balance of \$4,851,673 was set aside by the School Board to cover future increases in retirement contributions, debt, and medical insurance expenses.

- Assigned fund balance -amounts the School District intends to use for a specific purpose; as of June 30, 2023, management of the School District designated \$358,781 to be used as financial resources for capital projects.
- Unassigned fund balance- this classification includes the residual fund balance for the General Fund. The School District had \$227,470 of unassigned fund balance as of June 30, 2023.

J. Risk Management

The District is exposed to various risks of losses related to torts, theft of, damage to, and destruction of assets, errors, and omissions, injuries to employees and natural disasters. It is the policy of the District to purchase commercial insurance for the risks of loss to which it is exposed, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any past year.

K. Subsequent Events

Subsequent events have been evaluated through the date of the auditor's report, November 30, 2023.

REQUIRED
SUPPLEMENTAL
INFORMATION

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

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
REVENUES:				
Local sources	\$ 2,570,116	\$ 2,570,116	\$ 3,054,950	\$ 484,834
State sources	10,049,921	10,049,921	9,557,401	(492,520)
Federal sources	783,804	783,804	777,659	(6,145)
TOTAL REVENUES	<u>\$ 13,403,841</u>	<u>\$ 13,403,841</u>	<u>\$ 13,390,010</u>	<u>\$ (13,831)</u>
EXPENDITURES:				
Instruction - regular	5,426,251	5,426,631	5,460,774	(34,143)
Special programs	1,683,594	1,686,238	1,676,975	9,263
Vocational educational	516,939	516,939	505,671	11,268
Other instructional programs	4,658	4,658	1,444	3,214
Pupil personnel	618,967	618,967	624,206	(5,239)
Instructional staff	189,809	189,809	158,586	31,223
Administration	1,067,223	1,064,199	955,357	108,842
Pupil health	175,450	175,450	167,728	7,722
Business	143,163	143,163	133,825	9,338
Operation & maintenance of plant	1,470,422	1,470,422	1,313,711	156,711
Student transportation	663,239	663,239	728,910	(65,671)
Central	388,517	388,517	317,680	70,837
Other Support Services	4,535	4,535	4,306	229
Student activities	397,136	397,136	357,140	39,996
Community services	10,352	10,352	17,336	(6,984)
Facilities Acquisition, Construction and Improvement Services	255,000	0	10,200	(10,200)
Payment of Bond Principal	339,290	339,290	339,290	0
Payment of Bond Interest	119,935	119,935	119,809	126
TOTAL EXPENDITURES	<u>13,474,480</u>	<u>13,219,480</u>	<u>12,892,947</u>	<u>326,533</u>
EXCESS REVENUES OVER EXPENDITURES	<u>(70,639)</u>	<u>184,361</u>	<u>497,063</u>	<u>312,702</u>
OTHER FINANCING SOURCES (USES):				
Repairs and Maintenance Services	0	50,000	0	50,000
Equipment Replacements	0	205,000	0	205,000
Transfers to Cafeteria Fund	181,004	181,004	0	181,004
Transfers to Capital Projects Fund	0	0	(1,252,894)	(1,252,894)
TOTAL OTHER FINANCING SOURCES (USES):	<u>181,004</u>	<u>436,004</u>	<u>(1,252,894)</u>	<u>(816,890)</u>
TOTAL EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>13,655,484</u>	<u>13,655,484</u>	<u>14,145,841</u>	<u>(490,357)</u>
EXCESS REVENUES & OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(251,643)</u>	<u>(251,643)</u>	<u>(755,831)</u>	<u>(504,188)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>5,866,974</u>	<u>5,866,974</u>	<u>5,866,974</u>	<u>0</u>
FUND BALANCE, END OF YEAR	<u>\$ 5,615,331</u>	<u>\$ 5,615,331</u>	<u>\$ 5,111,143</u>	<u>(504,188)</u>

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

**Union School District
Required Supplemental Information
For The Year Ended June 30, 2023**

Schedule of the District's Proportionate Share of the Net Pension Liability:

	Plan Year 6/30/2022	Plan Year 6/30/2021	Plan Year 6/30/2020	Plan Year 6/30/2019	Plan Year 6/30/2018	Plan Year 6/30/2017	Plan Year 6/30/2016	Plan Year 6/30/2015	Plan Year 6/30/2014
Proportion of net pension liability (%)	0.00337	0.00355	0.00357	0.00356	0.00355	0.00351	0.00355	0.0037	0.0039
Proportionate share of net pension liability	\$1,682,246	\$1,689,485	\$1,669,202	\$1,655,648	\$1,506,000	\$1,343,000	\$1,129,000	\$917,000	\$908,000
Covered Employee payroll	\$4,954,854	\$5,029,819	\$5,015,243	\$4,912,824	\$4,783,249	\$4,672,907	\$4,592,652	\$4,583,890	\$4,564,762
Proportionate share of net pension liability as a percentage of its covered payroll	34%	34%	33%	34%	31%	29%	25%	20%	20%
Plan fiduciary net position as a percentage of total pension liability	53.90%	55.68%	54.32%	55.66%	54.00%	51.84%	50.14%	54.35%	55.20%

Schedule of the District's Pension Contributions:

	Plan Year 6/30/2022	Plan Year 6/30/2021	Plan Year 6/30/2020	Plan Year 6/30/2019	Plan Year 6/30/2018	Plan Year 6/30/2017	Plan Year 6/30/2016	Plan Year 6/30/2015	Plan Year 6/30/2014
Statutorily required pension contributions		\$1,722,683	\$1,669,202	\$1,711,204	\$1,638,014	\$1,790,000	\$1,784,000	\$1,602,963	\$1,621,794
Pension contributions in relation to statutorily required contributions	\$1,682,246	\$1,722,683	\$1,669,202	\$1,711,204	\$1,638,014	\$1,790,000	\$1,784,000	\$1,602,963	\$1,621,794
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee payroll	\$4,954,854	\$5,029,819	\$5,015,243	\$4,912,824	\$4,783,249	\$4,672,907	\$4,592,652	\$4,583,890	\$4,564,762
Pension Contributions as a percentage of covered employee payroll	33.95%	34.25%	33.28%	34.83%	34.24%	38.31%	38.84%	34.97%	35.53%

Notes to the Required Supplementary Information:

Method and Assumptions Used In Calculations of Actuarially Determined Contributions:

The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, 2022, one year prior to the end of the fiscal year in which contributions are reported. The actuarial methods and assumptions used to determine the contractually required contributions for the year ended June 30, 2023 reported in that schedule can be found in Note F of the basic financial statements.

Changes of benefit terms: There were no changes of benefit terms

Changes of assumptions: As described in footnote F to these financial statements - page 37; "Changes in Actuarial Assumptions", the discount rate, salary growth rate, real wage growth and merit or seniority increases, and mortality rates were adjusted as of June 30, 2021.

**Union School District
Required Supplemental Information
For The Year Ended June 30, 2023**

Schedule of the District's Proportionate Share of the Net OPEB Liability:

	Plan Year 6/30/2022	Plan Year 6/30/2021	Plan Year 6/30/2020	Plan Year 6/30/2019	Plan Year 6/30/2018	Plan Year 6/30/2017
Proportion of net OPEB liability (%)	0.00337	0.00355	0.00357	0.00356	0.00355	0.00351
Proportionate share of net OPEB liability	\$5,239,385	\$5,371,591	\$5,028,987	\$4,462,583	\$4,171,985	\$2,313,463
Covered Employee payroll	\$4,954,854	\$5,029,819	\$5,015,243	\$4,912,824	\$4,783,249	\$4,672,907
Proportionate share of net OPEB liability as a percentage of its covered payroll	105.74%	106.79%	100.27%	90.84%	87.22%	15.30%
Plan fiduciary net position as a percentage of total OPEB liability	5.65%	5.69%	5.69%	5.56%	5.56%	5.73%

Schedule of the District's OPEB Contributions:

	Plan Year 6/30/2022	Plan Year 6/30/2021	Plan Year 6/30/2020	Plan Year 6/30/2019	Plan Year 6/30/2018	Plan Year 6/30/2017
Statutorily required OPEB contributions	\$132,206	\$342,604	\$595,404	\$1,001,598	\$288,552	\$297,982
OPEB contributions in relation to statutorily required contributions	0	\$0	\$0	\$0	\$0	\$0
Contribution deficiency (excess)	\$ 132,206	\$ 342,604	\$ 595,404	\$ 1,001,598	\$ 288,552	\$ 297,982
Covered Employee payroll	\$4,954,854	\$5,029,819	\$5,015,243	\$4,912,824	\$4,783,249	\$4,672,907
OPEB Contributions as a percentage of covered employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes to the Required Supplementary Information:

Method and Assumptions Used In Calculations of Actuarially Determined Contributions:

The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, 2022, one year prior to the end of the fiscal year in which contributions are reported. The actuarial methods and assumptions used to determine the contractually required contributions for the year ended June 30, 2023 reported in that schedule can be found in Note H of the basic financial statements.

Changes of benefit terms: There were no changes of benefit terms

Changes of assumptions: As described in footnote H-3, page 43; "Changes in Actuarial Assumptions" the discount rate, salary growth rate, real wage growth and merit or seniority increases, and mortality rates were adjusted as of June 30, 2021 and were the same for June 30, 2022

OTHER
SUPPLEMENTAL
INFORMATION

**Union School District
Fiduciary Fund
Statement of of Changes in Net Position - Fiduciary Fund
For the year ended June 30, 2023**

	<u>Private-Purpose: Scholarship Fund</u>
ADDITIONS	
Gifts and Contributions	\$100
Investment Income	3,860
Investment unrealized gain/loss	1,696
TOTAL ADDITIONS	\$5,656
 DEDUCTIONS	
Scholarships Awarded	-\$4,570
Administrative Expense	0
TOTAL DEDUCTIONS	-\$4,570
 CHANGE IN NET POSITION	 \$1,086
Net Assets - Beginning of Fiscal Year	\$161,162
NET POSITION - END OF FISCAL YEAR	\$162,249

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

**UNION SCHOOL DISTRICT
SCHEDULE OF GENERAL FUND REVENUES
JUNE 30, 2023**

REVENUE FROM LOCAL SOURCES:

Current Real Estate Taxes	\$1,673,431
Public Utility Realty Tax	2,331
Payments in Lieu of Taxes	4,526
Current Per Capita Taxes, Sec. 679	9,032
Current Per Capita Taxes, Act 511	9,032
Emergency and Municipal Service Tax	5,597
Earned Income Tax	413,596
Occupation Tax	84,271
Real Estate Transfer Tax	38,867
Delinquent Real Estate Taxes	144,203
Delinquent Per Capita Taxes, Sec. 679	4,468
Delinquent Local Taxes	30,609
Interest on Investments	330,560
Revenues from LEA Activities	12,722
State Revenue Received from Other PA Public LEAs	56,305
Federal IDEA Revenue Received as Pass Through	167,958
Facilities Rental	3,788
Transportation provided to other LEAS	17,549
Services Provided to Other LEAS	16,752
Other Revenue Not Specified Above	29,355
TOTAL LOCAL REVENUE	<u>\$3,054,950</u>

REVENUE FROM STATE SOURCES:

Basic instructional subsidy	\$6,321,990
Special Education	278,326
Transportation	716,267
Nonpublic and Charter School Pupil Transportation	504,901
Health Services Subsidy	9,240
Property Tax Rebate	10,053
School Safety Grants	177,506
Ready to Learn Block Grant	58,309
Social Security	19,065
Retirement Reimbursement	157,782
Other State Revenue	1,303,962
TOTAL STATE REVENUE	<u>\$9,557,401</u>

REVENUE FROM FEDERAL SOURCES:

Title I Improving Academic Achievement of the Disadvantaged	\$205,759
Title II Preparing, Training, and recruiting High Quality Teachers and Principals	25,790
Title IV - 21st Century Schools	15,542
Title V - Flexibility and Accountability	19,291
Governor's Emergency Education Relief Fund (GEER)	2,092
ESSER II - Emergency and Secondary School Emergency Relief Fund	207,897
ARP ESSER - Elementary and Secondary School Emergency Relief Fund	246,574
ARP ESSER - Learning Loss	27,377
ARP ESSER - Summer Programs	5,476
ARP ESSER - Afterschool Programs	5,476
ARP ESSER - Homeless Children and Youth Funds	2,580
School-Based Access Medicaid Reimbursement Program	12,602
Medical Assistance Reimbursement for Administrative Claiming Program	1,203
TOTAL FEDERAL REVENUE	<u>\$777,659</u>

TOTAL REVENUE:

\$13,390,010

FEDERAL AWARDS
SUPPLEMENTAL
INFORMATION

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

To the Board of Directors
Union School District
354 Baker Street, Suite 2
Rimersburg, PA 16248

I 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 Union School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Union School District's basic financial statements, and have issued my report thereon dated November 30, 2023.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Union 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Union School District's internal control. Accordingly, I do not express an opinion on the effectiveness of Union 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 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.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses.

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.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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 Accounting Standards* in considering the entity's internal control and compliance. Accordingly this communication is not suitable for any other purpose.



Richard G. Hawk
Certified Public Accountant

November 30, 2023

RICHARD G. HAWK, CPA

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Union School District
354 Baker Street, Suite 2
Rimersburg, PA 16248

Report on Compliance

I have audited Union School District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") Compliance Supplement that could have a direct and material effect on each of Union School District's major federal programs for the year ended June 30, 2023. Union 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.

Management's responsibility

Management is responsible for compliance for each of Union School District's major federal programs based with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's responsibility

My responsibility is to express an opinion on compliance for each of Union School District's major programs based on my audit of the types of compliance requirements referred to above. I conducted my 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). Those standards and Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Union School District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Union School District's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of Union School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered Union School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Union School District's internal control over compliance.

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified above.

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



Richard G. Hawk
Certified Public Accountant

November 30, 2023

**UNION SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROJECT TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	GRANT PERIOD BEGINNING/ ENDING DATES	TOTAL FEDERAL EXPENDITURES
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Pennsylvania Department of Education:</i>				
Title I Improving Basic Programs	84.010	13-230441	7/1/22-6/30/23	\$204,995
Title II Improving Teacher Quality	84.367	20-230441	7/1/22-6/30/23	25,790
Title IV Academic Enrichment	84.424	144-230441	7/1/22-6/30/23	16,306
GEERs CEEG	84.425	253-200441	7/1/22-6/30/23	2,092
CARES Act-ESSER Fund Local	84.425	200-210441	7/1/22-6/30/23	207,897
ARP ESSER	84.425	223-210441	7/1/22-6/30/23	246,575
ARP ESSER 7%	84.425	225-210441	7/1/22-6/30/23	27,377
ARP ESSER 7%	84.425	225-210441	7/1/22-6/30/23	5,476
ARP ESSER 7%	84.425	225-210441	7/1/22-6/30/23	5,476
ARP ESSER Homeless Children & Youth	84.425	181-212443	7/1/22-6/30/23	2,581
<u>TOTAL U.S. DEPARTMENT OF EDUCATION</u>				<u>\$744,565</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Pennsylvania Department of Agriculture:</i>				
National School Lunch				
Supply Chain Assistance	10.555	N/A	7/1/22-6/30-23	\$23,955
Lunch Hi/Low	10.555	N/A	7/1/22-6/30-23	275,053
Severe Need Breakfast	10.553	N/A	7/1/22-6/30-23	117,820
P-EBT Local Admin Funds	10.649	N/A	7/1/22-6/30-23	628
State	N/A	N/A	7/1/22-6/30-23	33,324
USDA Donated Commodities	10.555	N/A	7/1/22-6/30-23	29,245
<u>TOTAL U.S. DEPARTMENT OF AGRICULTURE</u>				<u>\$480,025</u>
<u>TOTAL FEDERAL AWARDS EXPENDED</u>				<u>\$1,224,590</u>
Total expenditures:	\$1,224,590			
Less state expenditures:	(33,324)			
Total federal expenditures:	<u>\$1,257,914</u>			
<u>Programs selected for testing:</u>				
Title I Improving Basic Programs	\$204,995			
Supply Chain Assistance	23,955			
Lunch Hi/Low*	275,053			
Severe Need Breakfast*	117,820			
P-EBT Local Admin Funds	628			
USDA Donated Commodities	29,245			
Total:	<u>\$651,696</u>	<u>1,257,914</u>	<u>51.81%</u>	

UNION SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Note 1 – Reporting Entity

Union School District is the reporting entity for financial reporting as defined in Note 1 to the School District's financial statements.

Note 2 – Basis of Accounting

The accompanying schedule of expenditures of federal awards has been prepared on the basis of accounting practices prescribed or permitted by the *Manual of Accounting and Related Financial Procedures for Pennsylvania School Systems*, issued by the Pennsylvania Department of Education. These practices, as they apply to the School District, are in conformity with U.S. generally accepted accounting principles. The District did not use the 10% de minimus indirect cost rate.

UNION SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified yes no

Significant deficiencies identified not considered to be material weaknesses?
yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

Material weakness(es) identified yes no

Significant deficiencies identified not considered to be material weaknesses?
yes none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a): yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Program or Cluster</u>
84.010	Title I Improving Basic Programs
10.555	Supply Chain Assistance
10.555	Lunch Hi/Low
10.553	Severe Need Breakfast
10.649	P-EBT Local Admin Funds
10.555	USDA Donated Commodities

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

Auditee qualified as low-risk auditee? yes no

SECTION II – FINDINGS RELATED TO THE FINANCIAL STATEMENTS AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

No matters were reported.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No matters were reported.

STATUS OF PRIOR AUDIT FINDINGS

No matters were reported.

UNION SCHOOL DISTRICT
STATUS OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

There were no findings in the audit report of Union School District for the year ended June 30, 2022, dated December 7, 2022.