

**HUNTINGDON AREA SCHOOL DISTRICT**

**FINANCIAL STATEMENTS  
AND AUDITOR'S REPORT ON  
BASIC FINANCIAL STATEMENTS**

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**YEAR ENDED JUNE 30, 2022**

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**INDEPENDENT AUDITOR'S REPORT**

The Board of Directors  
Huntingdon Area School District  
2400 Cassady Avenue, Suite 2  
Huntingdon, Pennsylvania 16652

***Opinions***

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Huntingdon Area School District, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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

***Emphasis of Matter - Change in Accounting Principle***

As described in Note 1 F 8 to the financial statements, in fiscal year 2021-2022, the School adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

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

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



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

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

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

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

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

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the defined benefit postemployment healthcare plan's schedule of funding progress, and the defined benefit pension plan

**Required Supplementary Information (Continued)**

information related to the Pennsylvania Public School Employees' Retirement System (PSERS) on pages 57 to 79 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Huntingdon Area School District's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2023, on our consideration of the Huntingdon Area School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Huntingdon Area School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Huntingdon Area School District's internal control over financial reporting and compliance.



# **Huntingdon Area School District Management Discussion and Analysis for the Fiscal Year Ended June 30, 2022**

The *Management, Discussion, and Analysis* (MD&A) of the Huntingdon Area School District provides a reader friendly insight into the financial condition and the financial performance of the School District for the fiscal year ended June 30, 2022. This MD&A looks at the District's financial performance on a district-wide basis and reviews the major funds. Readers should review the financial statements to augment their understanding of the District's financial performance.

## **Background**

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.

Previous standards (pre GASB 34) required modified accrual (no receivables/accruals beyond 60 days), no capital asset depreciation and no reports of combined net position. GASB 34 requires fixed asset accounting, properly combining of multiple funds and the realization of the depreciation expense as part of the Statement of Net Position and Statement of Activities.

Various statements required under GASB 34 are:

- ◆ Statement of Net Position
- ◆ Statement of Activities
- ◆ Balance Sheet of Governmental Funds
- ◆ Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
- ◆ Statement of Revenues, Expenditures, and Changes in Fund Balances
- ◆ Reconciliation of Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities

## **Overview of the Financial Statements**

This section of the comprehensive annual financial report consists of three parts – management's discussion and analysis, basic financial statements (district-wide and fund statements) including notes to the financial statements, and other required supplementary information.

The basic financial statements consist of two kinds of statements that present different views of the district's financial activities.

- Entity-wide Statements:
  - The statement of net position and statement of activities provide information on a district-wide basis. The statements present an aggregate view of the district's finances. District-wide statements contain useful long-term information as well as information for the just-completed fiscal year.

- Fund Statements:
  - The remaining statements are fund financial statements that focus on individual parts of the district. Fund statements generally report operations in more detail than the district-wide statements.
- The notes to the financial statements provide further explanation of some of the information in the statements and additional disclosures so statement users have a complete picture of the district's financial activities and position.
- Required supplementary information further explains and supports the financial statements by including a comparison of the district's budget data for the year.

The major features of the district's financial statements, including the portion of the activities reported and the type of information contained is shown in the following table.

Figure A-2 Major Features of Huntingdon Area School District's Entity-Wide and Fund Financial Statements				
	Entity-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as education, administration and community services	Activities the District operates similar to private business – Food Services	Instances in which the District is the trustee or agent to someone else's resources – Activity Funds
Required financial statements	Statement of net position & Statement of activities	Balance Sheet, Statement of revenues, expenditures, and changes in fund balance	Statement of net position, Statement of revenues, expenses and changes in net position, Statement of cash flows	Statement of fiduciary net position, Statement of changes in fiduciary net position
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 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



## Entity-Wide Statements

The entity-wide statements report information about the district as a whole using accounting methods similar to those used by private-sector companies. The two entity-wide statements report the district's net position and how they have changed. Net position, the difference between the district's assets and liabilities, is one way to measure the district's overall financial position.

- Increases or decreases in the district's net position is one indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall financial condition of the district additional non-financial factors, such as changes in the district's property tax base and the condition of school buildings and other facilities, should be considered.

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

- Governmental activities – Most of the district's basic services are included here, such as regular and special education, transportation, support services, community programs and administration. Property taxes and state formula aid finance most of these activities.
- Business-type activities – The district charges fees and received federal and state reimbursements to cover the costs of its food service operation. The financial activities of this program are reported as a business-type activity.

## Financial Highlights – Entity-Wide Statements

The District's financial status, as reflected in total net position, increased by \$1,532,135 for the current fiscal year. Net position of governmental activities increased by \$1,303,746 and the net position of business-type activities increased by \$228,389. The increase in the business-type activities saw an increase in program revenues, and an influx of grants and subsidies, along with a reduction in spending assisted in increasing the position of other governmental funds.

The district repaid \$1,400,000 of long-term general obligation debt principal. As of 6/30/2022 the district had total general obligation long-term debt of \$33,190,000 which includes the refinancing of General obligation bond series 2016 into General obligation bond 2021. Net pension liability, OPEB and long-term compensated absences accounted for \$34,663,974 in additional long-term debt for governmental activities. Total long-term debt for the district's governmental funds as of June 30, 2022 was \$67,909,489. The district also has a lease liability that is due within one year of \$55,515.

On the Statement of Activities, the district had a total of \$32,582,556 of program revenues, general revenues, and charge for services and \$31,278,810 of expenses that resulted in a 1,303,746-increase in net position. Operating grants & contributions and charge for services provided \$5,535,246 (16.99%), grants, subsidies and contributions \$11,963,529 (36.72%); property and other taxes \$14,410,964 (44.23%), and other revenues accounted for \$672,817 (2.06%).

In governmental activities, general tax revenues are primarily comprised of property taxes that accounted for \$10,790,220 or 74.88% of tax revenue, while all other taxes accounted for \$3,620,744 or 25.12%.

The school food service program, the district's only business-type activity, had a total of \$1,198,959 of expenses, of which \$61,159 was financed by charges for services, \$1,366,189 with subsidies. The overall change in net position in the cafeteria fund was a positive \$228,389, which resulted in an improvement in the net position of the cafeteria fund from a net loss of (832,188) as of June 30, 2021 to a net loss of (603,799) as of June 30, 2022.



## Fund Financial Statements

The fund financial statements provide more detailed information about the district's funds, focusing on its most significant or "major" funds – not the district as a whole. Funds are accounting devices the district uses to keep track of sources of funding and spending on particular programs and to demonstrate compliance with various regulatory requirements.

- Some funds are required by state law and by bond covenants.
- The district establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that it is properly using certain revenues (like capital project funds).

The District has three kinds of funds:

- Governmental funds – Most of the district's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for funding future basic services. Consequently, the government funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the district's programs. Governmental fund information does not report on long-term commitments as is reported on the district-wide statements. Therefore an explanation of the differences between the governmental funds and the district-wide statements is included as a separate statement.
- Proprietary funds – The food service fund, and activity for which the district charges a fee and for which revenues are expected to cover all expenses is reported as a proprietary fund. Proprietary funds are reported in the same way as the district-wide statements.
- Fiduciary funds – The district serves as a trustee, or fiduciary, for student organizations. The assets of these organizations belong to the organization, and not the district. The district is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and only by those whom the assets belong. These activities are excluded from the district-wide financial statements because the district cannot use these assets to finance its operations.

## General Fund Budgetary Highlights

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

Actual revenues had a favorable variance of \$64,502 or .20% more than budgeted due to increases in Federal Funding, specifically ESSER funds. Actual expenditures were \$587,959 or about 1.77% more than what was budgeted. These negative variances occurred in Regular programs, special programs, instructional staff services and student transportation services.

Overall, there was a positive net budget variance of \$326,037.

## Financial Highlights – Fund Financial Statements

The general fund ending assigned balance of \$1,618,945 equates to 4.86% of the adjusted operating budget of \$33,298,172. This is slightly under the minimum goal state in Board Policy 620 which directs the school district to strive to maintain an unassigned General Fund Balance of not less than six percent (6%) and not more than eight percent (8%) of the budgeted expenditures for the fiscal year. The board will have to look at action in the future to increase the assigned fund balance to meet the guide lines of Policy 620.

The net change in fund balance of all governmental funds was (\$814,852). This is comprised of the results of the General fund that had a negative change in fund balance of (\$821,133) and a increase in the fund balance of the capital reserve fund of \$6,281.

The Capital Reserve fund had an ending fund balance of \$2,338,414. This entire amount is committed to debt service payments and capital repairs or improvements as defined in Municipal Code Section 1431.

## Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. The district's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$29,822,101 as of June 30, 2022 due mainly to long-term debt obligations.

Capital assets of \$37,728,912 accounted for 77.64% of total assets. The District uses capital assets to provide services; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1 summarizes the assets, liabilities, and net position of the District at June 30, 2022.

Table 1 Net Position - (Entity-Wide)						
	As of June 30, 2022			As of June 30, 2021		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>						
Current & Other Assets	\$10,445,764	\$422,749	\$10,868,513	\$12,311,555	\$235,805	\$12,547,360
Capital Assets	<u>\$37,728,912</u>	<u>\$0</u>	<u>\$37,728,912</u>	<u>\$39,650,746</u>	<u>\$666</u>	<u>\$39,651,412</u>
Total Assets	<u>\$48,174,676</u>	<u>\$422,749</u>	<u>\$48,597,425</u>	<u>\$51,962,301</u>	<u>\$236,471</u>	<u>\$54,427,743</u>
Deferred Outflows of Resources	<u>\$3,147,744</u>	<u>\$73,075</u>	<u>\$3,220,819</u>	<u>\$3,240,085</u>	<u>\$77,235</u>	<u>\$3,317,320</u>
<b>Liabilities</b>						
Current Liabilities	\$5,531,797	\$62,315	\$5,594,112	\$6,459,847	\$34,322	\$6,494,169
Non-Current Liabilities	<u>\$67,909,489</u>	<u>\$888,104</u>	<u>\$68,797,593</u>	<u>\$76,870,514</u>	<u>\$1,084,298</u>	<u>\$77,954,812</u>
Total Liabilities	<u>\$73,441,286</u>	<u>\$950,419</u>	<u>\$74,391,705</u>	<u>\$83,330,361</u>	<u>\$1,118,620</u>	<u>\$84,448,981</u>
Deferred Inflows of Resources	<u>\$7,099,436</u>	<u>\$149,204</u>	<u>\$7,248,640</u>	<u>\$2,394,073</u>	<u>\$27,274</u>	<u>\$2,421,347</u>
<b>Net Position:</b>						
Invested in Capital Assets Net of Related Debt	\$4,538,912	\$0	\$4,538,912	\$5,295,746	\$666	\$5,296,412
Restricted for Capital Projects	\$2,338,414	\$0	\$2,338,414	\$2,332,133	\$0	\$2,332,133
Unrestricted	<u>(\$36,095,628)</u>	<u>(\$603,799)</u>	<u>(\$36,699,427)</u>	<u>(\$38,149,927)</u>	<u>(\$832,854)</u>	<u>(\$38,982,781)</u>
<b>Total Net Position</b>	<u>(\$29,218,302)</u>	<u>(\$603,799)</u>	<u>(\$29,822,101)</u>	<u>(\$30,522,048)</u>	<u>(\$832,188)</u>	<u>(\$31,354,236)</u>

## Government Activities

The Statement of Activities shows the cost of program services, revenues from charges for those services and grants that directly offset those services. The table below reflects the cost of program services and the net cost of those services after taking into account the program revenues for the governmental activities. General revenues (consist primarily of tax revenues) support the net cost of the District's services. Table 2 summarizes the changes in Net Position for the year ended June 30, 2022.

<b>Table 2</b> <b>Changes in Net Position</b> <b>For the Year Ended June 30</b>						
<b>(Entity-Wide)</b>						
	2022			2021		
	Governmental Activities	Business-Type	Total	Governmental Activities	Business-Type	Total
<b>Program Revenues:</b>						
Charges for services	\$111,872	\$61,159	\$450,610	\$106,273	\$33,694	\$139,967
Operating grants & Contributions	\$5,535,246	\$1,366,189	\$6,901,435	\$6,536,722	\$877,694	\$7,414,416
Capital Grants & Contributions	\$495,376	\$0	\$495,376			
<b>General Revenues:</b>						
Property Taxes	\$10,790,220	\$0	\$10,790,220	\$10,335,229	\$0	\$10,335,229
Other Taxes	\$3,620,744	\$0	\$3,620,744	\$3,636,517	\$0	\$3,636,517
Grants, Subsidies & Contributions	\$11,963,529	\$0	\$11,963,529	\$11,526,336	\$0	\$11,526,336
Investment earnings	\$16,851	\$0	\$16,851	\$18,045	\$0	\$18,045
Transfers In (Out)	\$0	\$0	\$0	(\$175,000)	\$175,000	\$0
Other Revenue	\$48,718	\$0	\$48,718	\$62,791	\$0	\$62,791
<b>Total Revenues:</b>	<u>\$32,582,556</u>	<u>\$1,427,348</u>	<u>\$34,009,904</u>	<u>\$32,046,913</u>	<u>\$1,086,388</u>	<u>\$33,133,301</u>
<b>Program Expenses:</b>						
Instruction	\$19,466,184	\$0	\$19,466,184	\$20,365,595	\$0	\$20,365,595
Instructional Student Support	\$3,082,823	\$0	\$3,082,823	\$2,538,560	\$0	\$2,538,560
Administrative Support	\$2,708,367	\$0	\$2,708,367	\$2,836,198	\$0	\$2,836,198
Operation and Maintenance	\$2,322,833	\$0	\$2,322,833	\$3,031,078	\$0	\$3,031,078
Pupil Transportation	\$2,254,602	\$0	\$2,254,602	\$2,257,987	\$0	\$2,257,987
Student Activities	\$512,113	\$0	\$512,113	\$499,492	\$0	\$499,492
Interest on Long-Term Debt	\$931,888	\$0	\$931,888	\$981,360	\$0	\$981,360
Depreciation Expense	\$0	\$0	\$0	\$0	\$0	\$0
Food Service	\$0	\$1,198,959	\$1,198,959	\$0	\$0	\$0
Refund of Prior Yr. Receipts	\$0	\$0	\$0	\$0	\$873,742	\$873,742
<b>Total Expenses</b>	<u>\$31,278,810</u>	<u>\$1,198,959</u>	<u>\$32,477,769</u>	<u>\$32,510,270</u>	<u>\$873,742</u>	<u>\$33,384,012</u>
<b>Increase(decrease) in Net Position</b>	\$1,303,746	\$228,389	\$1,532,135	(\$463,357)	\$212,646	(\$250,711)
Prior Period Adjustment	\$0	\$0	\$0	\$0	(\$0)	\$0
<b>Beginning Net Position</b>	<u>(\$30,522,048)</u>	<u>(\$832,188)</u>	<u>(\$31,354,236)</u>	<u>(\$30,058,691)</u>	<u>(\$1,044,834)</u>	<u>(\$31,103,525)</u>
<b>Ending Net Position</b>	<u>(\$29,218,302)</u>	<u>(\$603,799)</u>	<u>(\$29,822,101)</u>	<u>(\$30,522,048)</u>	<u>(\$832,188)</u>	<u>(\$31,354,236)</u>

## CAPITAL ASSETS AND DEBT ADMINISTRATION

As of June 30, 2022, the District had \$37,728,912 (net of accumulated depreciation) invested in a broad range of capital assets as listed below.

### Capital Assets (net of depreciation)

	Governmental		Business-Type		Total	
	Activities		Activities		School District	
	2022	2021	2022	2021	2022	2021
Land	196,747	196,747	-	-	196,747	196,747
Buildings & Improvements	36,792,866	38,689,271	-	-	36,792,866	38,689,271
Furniture & Equipment	687,171	764,728	-	666	687,171	765,394
Right to Use Asset	52,128	-	-	-	52,128	-
Total	37,728,912	39,650,746	-	666	37,728,912	39,651,412

### Long-Term Debt

As of June 30, 2021, the District had total long term debt of \$ 68,797,593.

	Governmental Activities		Business-Type Activities	
	2022	2021	2022	2021
General Obligation Bonds	33,190,000	34,355,000	-	-
Other Postemployment Benefits	4,300,200	5,570,531	110,262	142,834
Net Pension Liability	29,602,788	35,821,775	759,046	918,507
Accrued Vacation and Sick Leave	760,986	1,123,208	18,796	22,957
Lease Liability	55,515	-		
TOTAL	67,909,489	76,870,514	888,104	1,084,298

The district had total bonded debt outstanding of \$33,190,000 at June 30, 2022. This amount represents the outstanding principal due on these obligations. Payments made on debt service during the year for principal was \$1,400,000. The District refinanced the GOB of 2016 to net savings on interest and issued the GOB of 2021. The new debt issued is in the amount of \$9,890,000

The District reports its allocated portion of its defined benefit unfunded benefit obligation related to its participation in PSERS. The District's allocated portion of the net pension liability is an actuarially determined estimate of the unfunded cost of the pension plan obligation which totaled \$30,361,834 as of June 30, 2022.

Other non-current liabilities consist of the District's liabilities for compensated absences, and its net obligation for post-employment benefits, which totaled \$5,190,244. Additional details regarding capital assets and long-term debt are in the accompanying Notes to the Financial Statements.

The District also has Lease Liabilities that are due within one year of \$55,515.



## Factors Bearing on the District's Future

Currently known circumstances that will impact the district financial status in the future are:

- Covid-19 – Covid-19 continues to have an impact on the district's financials, but federally funding has helped to offset some of the costs associated with the effects of the pandemic. Increased costs to help offset learning loss from the pandemic will have an impact on the district's financials for the next several years. In addition to this increased costs associated with charter schools continue to have an impact on the district.
- The labor agreement with the Huntingdon Area Education Association will expire on June 30, 2026. Prior contract negotiations resulted in the following outcomes:

<u>Fiscal Year</u>	<u>Average Increase Per Teacher</u>	<u>%</u>	<u>Total Increase</u>
2018-19	\$1,631	3.40	260,950
2019-20	\$1,497	3.00	239,550
2020-21	\$1,372	2.70	219,520
2021-22	\$1,444	2.75	222,084
2022-23	\$1,649	3.14	257,224
2023-24	\$1,625	3.00	253,472
2024-25	\$1,674	3.00	261,076
2025-26	\$1,724	3.00	268,908

- The collective bargaining agreements for SEIU will expire on June 30, 2023 and HAESPA support staff will expire on June 30, 2024. Prior negotiations resulted in the following outcomes:

### SEIU

<u>Fiscal Year</u>	<u>Average Increase Per Employee</u>	<u>Pre-2006 %</u>	<u>Post-2006 %</u>	<u>Total Inc.</u>
2019-20	\$1,131	2.50	4.75	22,628
2020-21	\$957	2.50	4.00	19,147
2021-22	\$871	2.50	3.00	17,411
2022-23	\$840	2.25	3.00	16,805

### HAESPA

<u>Fiscal Year</u>	<u>Average Increase Per Employee</u>	<u>%</u>	<u>Total Increase</u>
2019-20	\$637	3.80	45,243
2020-21	\$637	3.60	45,243
2021-22	\$637	3.50	45,243
2022-23	\$637	3.40	45,243
2023-24	\$637	3.30	45,243

- The district is mandated to participate in the Pennsylvania Public School Employees Retirement System (PSERS). The Commonwealth reimburses the school entity for 50% of the Employer Contributions due amount for their existing employees (Initial PSERS Membership date is earlier than 07/01/1994). and Employer Contributions multiplied by the employer's income/aid ratio (or 50%, whichever is greater) for new employees (hired on or after 07/01/1994). All Aid Ratios are calculated by the Department of Education. The Market Value/Personal Income Aid Ratio for 2021-22 is .5706. The following reflects the rate and rate changes over the ten years, the current year and the next fiscal year.

## PSERS Historical Rates:

	<u>Rate</u>	<u>% Change</u>
2011-2012	8.65%	53.4%
2012-2013	12.36%	42.9%
2013-2014	16.93%	37.0%
2014-2015	21.40%	26.4%
2015-2016	25.84%	20.8%
2016-2017	30.03%	16.2%
2017-2018	32.57%	8.46%
2018-2019	33.43%	2.60%
2019-2020	34.29%	2.57%
2020-2021	34.51%	0.64%
2021-2022	34.94%	1.27%
2022-2023	35.26%	0.92%
2023-2024	34.00%	-3.57%

Act 5 of 2017 made the following changes to the pension plan:

1. Maintains the defined benefit plan for existing employees, but implemented a choice of three options for new employees: two defined benefit/defined contribution plans and a defined contribution plan only option.
  2. Implemented a shared risk/gain provision wherein member's rate can increase or decrease 3% below or 3% above member's basic contribution rate, in increments of 0.75%
  3. Affects new members as of July 1, 2019. Current members who were active on July 1, 2019 had a one-time, irrevocable right to elect into any of the three new plans within 90 days after notice
  4. Defines the actuarially required contribution as the normal cost plus the amount to fully amortize the unfunded liability in accordance with actuarial standards of practice.
- The district is a member of the Tuscarora Intermediate Unit Capital Insurance Trust (TIUCIT) for the purpose of providing health insurance to employees in accordance with labor agreements. The rate increase for 2021-2022 was 14.60% for Huntingdon Area. Increases are set in the spring of each year and are dependent on claims, expenses and reserves. Renewal history for TIUCIT is as follows:

<u>Year</u>	<u>Increase</u>	<u>Year</u>	<u>Increase</u>
2011-12	6.50%	2017-18	7.33%
2012-13	4.85%	2018-19	3.18%
2013-14	6.60%	2019-20	6.24%
2014-15	9.74%	2020-21	9.00%
2015-16	4.42%	2021-22	14.60%
2016-17	9.4%	2022-23	8.76%

- Enrollment Projections - Projected enrollments are a key factor in determining the district's class size and staffing needs. These enrollment projections are included below. Since 2012-2013 Huntingdon Area School District enrollment has decreased by 439. 2021-2022 enrollment was lower than anticipated due to Covid-19 and students enrolling elsewhere. The prior projected enrollment was 1,699 which is 43 more than our current enrollment (as of the October 1, 2022 snapshot).

**HUNTINGDON AREA SCHOOL DISTRICT  
ENROLLMENT TRENDS**

<b>Actual Enrollments</b>			
<b>School</b>			
<u>Year</u>	<u>Elementary</u>	<u>Secondary</u>	<u>Total</u>
2011-12	1,075	1,020	2,095
2012-13	1,072	1,023	2,095
2013-14	1,033	937	1,970
2014-15	1,015	952	1,967
2015-16	993	953	1,946
2016-17	1,007	922	1,929
2017-18	993	870	1,863
2018-19	982	852	1,834
2019-20	953	848	1,801
2020-21	854	815	1,669
2021-22	732	936	1,668

<b>Projected Enrollments</b>			
<b>School</b>			
<u>Year</u>	<u>Elementary</u>	<u>Secondary</u>	<u>Total</u>
2022-23	851	805	1,656
2023-24	857	822	1,679
2024-25	863	798	1,661
2025-26	857	779	1,636
2026-27	863	747	1,610
2027-28	879	728	1,607
2028-29	902	713	1,615
2029-30	935	689	1,624

### Website Documents

The district's website [huntsd.org](http://huntsd.org) provides extensive access for board meeting agendas, minutes and financial transactions updated for each meeting in addition to employment contracts, annual budgets, annual financial reports and audit reports.

### Contacting the District Financial Management

The financial report is designed to provide our citizens, taxpayers, parents, student, staff, 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: Matthew R. Gibson, Business Manager, Huntingdon Area School District, 2400 Cassady Avenue, Suite 2, Huntingdon, PA 16652.

**HUNTINGDON AREA SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
<b><u>Assets</u></b>			
Cash and Cash Equivalents	\$ 7,903,921	\$ 252,244	\$ 8,156,165
Receivables:			-
Taxes - Net	434,044	-	434,044
Internal Balances	( 100,185)	100,185	-
Intergovernmental	2,175,933	13,870	2,189,803
Other Receivables	32,051	50,253	82,304
Inventories	-	6,197	6,197
Capital Assets:			
Not Depreciated	196,747	-	196,747
Depreciated, Net of Depreciation	<u>37,532,165</u>	<u>-</u>	<u>37,532,165</u>
Total Assets	<u>\$48,174,676</u>	<u>\$ 422,749</u>	<u>\$48,597,425</u>
<b><u>Deferred Outflows of Resources</u></b>			
Deferred Charge on Refunding	\$ 297,806	\$ -	\$ 297,806
Deferred Outflows Related to Defined Benefit Pension Plan and OPEB	<u>2,849,938</u>	<u>73,075</u>	<u>2,923,013</u>
Total Deferred Outflows of Resources	<u>\$ 3,147,744</u>	<u>\$ 73,075</u>	<u>\$ 3,220,819</u>
<b><u>Liabilities</u></b>			
Accounts Payable	\$ 663,203	\$ 1,263	\$ 664,466
Accrues Salaries and Benefits	2,038,223	-	2,038,223
Payroll Deductions and Withholdings	2,172,945	-	2,172,945
Accrued Interest	320,448	-	320,448
Other Current Liabilities	336,978	61,052	398,030
Noncurrent Liabilities:			
Due Within One Year	1,540,515	-	1,540,515
Due In More Than One Year	<u>66,368,974</u>	<u>888,104</u>	<u>67,257,078</u>
Total Liabilities	<u>\$73,441,286</u>	<u>\$ 950,419</u>	<u>\$74,391,705</u>
<b><u>Deferred Inflows of Resources</u></b>			
Deferred Inflows Related to Pension Plan and OPEB	\$ 5,818,985	\$ 149,204	\$ 5,968,189
Bond Premium	<u>1,280,451</u>	<u>-</u>	<u>1,280,451</u>
Total Deferred Inflows of Resources	<u>\$ 7,099,436</u>	<u>\$ 149,204</u>	<u>\$ 7,248,640</u>
<b><u>Net Position</u></b>			
Net Investment in Capital Assets	\$ 4,538,912	\$ 0	\$ 4,538,912
Restricted for Capital Projects	2,338,414	-	2,338,414
Unrestricted	( <u>36,095,628</u> )	( <u>603,799</u> )	( <u>36,699,427</u> )
Total Net Position	<u>(\$29,218,302)</u>	<u>(\$ 603,799)</u>	<u>(\$29,822,101)</u>

See Accompanying Notes and Independent Auditor's Report



**HUNTINGDON AREA SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022**

**Expenses**

**Governmental Activities**

Instructional	\$19,466,184
Instructional Student Support	3,082,823
Administration and Financial Support	2,708,367
Operation and Maintenance of Facilities	2,322,833
Pupil Transportation	2,254,602
Student Activities	512,113
Interest on Long-Term Debt	<u>931,888</u>
Total Governmental Activities	<u>\$31,278,810</u>

**Business-Type Activities**

Food Service	<u>\$ 1,198,959</u>
Total Primary Government	<u>\$32,477,769</u>

**General Revenues**

Taxes:	
Property Taxes, Levied for General Purposes, Net	
Other Taxes Levied	
Grants, Subsidies, Contributions, Not Restricted	
Investment Earnings	
Miscellaneous Income	
Total General Revenues	

Change in Net Position

**Net Position** - Beginning

**Net Position** - Ending

See Accompanying Notes and Independent Auditor's Report

**HUNTINGDON AREA SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022**

<u>Charges for Services</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenues and Changes in Net Position</u>		<u>Total</u>
	<u>Operating Grants and Contribution</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
\$ 42,731	\$4,553,267	\$495,376	(\$14,374,810)	\$ -	(\$14,374,810)
-	296,765	-	( 2,786,058)	-	( 2,786,058)
-	253,011	-	( 2,455,356)	-	( 2,455,356)
14,911	380,526	-	( 1,927,396)	-	( 1,927,396)
-	-	-	( 2,254,602)	-	( 2,254,602)
54,230	51,677	-	( 406,206)	-	( 406,206)
-	-	-	( 931,888)	-	( 931,888)
<u>\$111,872</u>	<u>\$5,535,246</u>	<u>\$495,376</u>	<u>(\$25,136,316)</u>	<u>\$ -</u>	<u>(\$25,136,316)</u>
 \$ 61,159	 \$1,366,189	 \$ -	 \$ -	 \$ 228,389	 \$ 228,389
<u>\$173,031</u>	<u>\$6,901,435</u>	<u>\$495,376</u>	<u>(\$25,136,316)</u>	<u>\$ 228,389</u>	<u>(\$24,907,927)</u>
			\$10,790,220	\$ -	\$10,790,220
			3,620,744	-	3,620,744
			11,963,529	-	11,963,529
			16,851	-	16,851
			<u>48,718</u>	<u>-</u>	<u>48,718</u>
			<u>\$26,440,062</u>	<u>\$ -</u>	<u>\$26,440,062</u>
			\$ 1,303,746	\$ 228,389	\$ 1,532,135
			( 30,522,048)	( 832,188)	( 31,354,236)
			<u>(\$29,218,302)</u>	<u>(\$ 603,799)</u>	<u>(\$29,822,101)</u>

See Accompanying Notes and Independent Auditor's Report

**HUNTINGDON AREA SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022**

	<u>General</u>	<u>Capital Projects</u>	<u>Total</u>
<b><u>Assets</u></b>			
Cash and Cash Equivalents	\$ 5,565,507	\$2,338,414	\$ 7,903,921
Due from Other Funds	13,227	-	13,227
Taxes Receivable, Net	434,044	-	434,044
Due from Other Governments	2,175,933	-	2,175,933
Other Receivables	<u>32,051</u>	<u>-</u>	<u>32,051</u>
Total Assets	<u>\$ 8,220,762</u>	<u>\$2,338,414</u>	<u>\$10,559,176</u>
<b><u>Liabilities</u></b>			
Due to Other Funds	\$ 113,412	\$ -	\$ 113,412
Accounts Payable	663,203	-	663,203
Accrued Salaries and Benefits	2,038,223	-	2,038,223
Payroll Deductions and Withholdings	2,172,945	-	2,172,945
Other Current Liabilities	<u>111,882</u>	<u>-</u>	<u>111,882</u>
Total Liabilities	<u>\$ 5,099,665</u>	<u>\$ -</u>	<u>\$ 5,099,665</u>
<b><u>Unavailable Revenue</u></b>	<u>\$ 293,455</u>	<u>\$ -</u>	<u>\$ 293,455</u>
<b><u>Fund Balances</u></b>			
Restricted Fund Balance	\$ -	\$2,338,414	\$2,338,414
Assigned Fund Balance	1,618,945	-	1,618,945
Unassigned Fund Balance	<u>1,208,697</u>	<u>-</u>	<u>1,208,697</u>
Total Fund Balances	<u>\$ 2,827,642</u>	<u>\$2,338,414</u>	<u>\$ 5,166,056</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 8,220,762</u>	<u>\$2,338,414</u>	<u>\$10,559,176</u>

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

**HUNTINGDON AREA SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
YEAR ENDED JUNE 30, 2022**

Total Fund Balances - Governmental Funds \$ 5,166,056

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

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

Cost	\$69,763,752	
Accumulated Depreciation	( <u>32,034,840</u> )	37,728,912

The net pension liability is not due and payable in the current period and, therefore, is not reported in the fund statements. ( 29,602,788 )

The deferred outflows and inflows of resources related to defined benefit pension plans are not reported in the funds since they are measured on the accrual basis:

Deferred Outflows of Resources	\$ 1,535,276	
Deferred Inflows of Resources	( <u>4,145,617</u> )	( 2,610,341 )

The deferred outflows and inflows of resources related to OPEB liability are not reported in the funds since they are measured on the accrual basis:

Deferred Outflows of Resources	\$ 1,314,662	
Deferred Inflows of Resources	( <u>1,673,368</u> )	( 358,706 )

Property taxes receivable will be collected in the future but are not available soon enough to pay for the current period's expenditures; and, therefore, are deferred in the fund's statements. 68,359

Long-term liabilities, including bonds payable unamortized bond premium, compensated absences, and postretirement benefits (OPEB), are not due and payable in the current period, and, therefore, are not reported as liabilities or deferred inflows in the funds. Long-term liabilities and the related costs at year end consists of:

Lease Liability	(\$ 55,515)	
Bonds Payable	( 33,190,000 )	
Compensated Absences	( 760,986 )	
Postretirement Benefits (OPEB)	( <u>4,300,200</u> )	( 38,306,701 )

Interest on long-term debt accrued and shown as an expense on the government-wide financial statements, but not recognized on the fund financial statements until paid. ( 320,448 )

Payment to refunded bond escrow agent reported as other financing uses in the fund statements and shown on the government-wide financial statements as an increase in deferred outflows of resources, net of accumulated amortization. 297,806

Bond premium reported or other financing uses in the fund statements and shown on the government-wide statements as a deferred inflow. ( 1,280,451 )

Total Net Position - Governmental Activities (\$29,218,302)

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



**HUNTINGDON AREA SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2022**

	<u>General</u>	<u>Capital Projects</u>	<u>Total</u>
<b><u>Revenues</u></b>			
Local Sources	\$14,485,063	\$ 6,281	\$14,491,344
State Sources	15,841,965	-	15,841,965
Federal Sources	<u>2,420,356</u>	<u>-</u>	<u>2,420,356</u>
Total Revenues	<u>\$32,747,384</u>	<u>\$ 6,281</u>	<u>\$32,753,665</u>
<b><u>Expenditures</u></b>			
Current:			
Instruction	\$20,031,941	\$ -	\$20,031,941
Support Services	10,757,148	-	10,757,148
Operation of Noninstructional Services	569,207	-	569,207
Capital Outlays:			
Instruction	53,294	-	53,294
Support Services	93,912	-	93,912
Facilities Acquisition, Construction and Improvement Services	-	-	-
Debt Service:			
Principal	1,400,000	-	1,400,000
Interest	920,611	-	920,611
Lease Principal	48,742	-	48,742
Lease Interest	<u>11,277</u>	<u>-</u>	<u>11,277</u>
Total Expenditures	<u>\$33,886,132</u>	<u>\$ -</u>	<u>\$33,886,132</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(\$ 1,138,748)</u>	<u>\$ 6,281</u>	<u>(\$ 1,132,467)</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Payment to Bond Refunding Escrow Agent	(\$ 9,792,320)	\$ -	(\$ 9,792,320)
Proceeds from Refunding of Bonds	9,890,000	-	9,890,000
Bond Premiums	115,677	-	115,677
Lease Proceeds	<u>104,258</u>	<u>-</u>	<u>104,258</u>
Total Other Financing Sources (Uses)	<u>\$ 317,615</u>	<u>\$ -</u>	<u>\$ 317,615</u>
Net Change in Fund Balances	<u>(\$ 821,133)</u>	<u>\$ 6,281</u>	<u>(\$ 814,852)</u>
<b><u>Fund Balances</u></b> - July 1, 2021	<u>3,648,775</u>	<u>2,332,133</u>	<u>5,980,908</u>
<b><u>Fund Balances</u></b> - June 30, 2022	<u>\$ 2,827,642</u>	<u>\$ 2,338,414</u>	<u>\$ 5,166,056</u>

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

**HUNTINGDON AREA SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022**

Total Net Change in Fund Balances - Governmental Funds (\$ 814,852)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the current period:

Capital Outlays	\$ 147,205	
Less: Depreciation Expense	( <u>2,069,039</u> )	( 1,921,834 )

Because some property taxes will not be collected for several months after the School District's fiscal year end, they are not considered as "available" revenues in the governmental funds. Deferred revenues increased by this amount during the year.	68,359
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Repayment of bond principal and lease liability is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	1,448,742
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The additional pension and OPEB expense associated with the Defined Benefit Pension Plan (PSERS) that does not require the use of current financial resources; and, therefore, is not reported as an expenditure in the governmental funds.	2,571,812
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Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due; and, thus, requires the use of current financial resources. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. The decrease of interest accrued in the statement of activities is shown here.	48,220
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In the statement of activities, certain operating expenses (compensated absences - vacations and sick days) are measured by the amounts earned during the year. In the governmental funds; however, expenditures for these items are measured by the amount of financial resources used. These amounts represent the difference between the amount earned versus the amount used.	362,222
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Delinquent real estate taxes which were recognized as revenue in the governmental funds but not in the statement of activities.	( 239,468 )
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Amortization of deferred charge on refunding which is in the statement of activities	( 67,453 )
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Bond premium on refunding of bonds amortization	165,612
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Payment to refunded bond escrow agent reported as other financing uses in the fund statements and shown on the government-wide financial statements as a reduction of bond payable and increase in deferred charges	9,792,320
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Bond proceeds, lease liability, and bond premium reported as other financing uses in the fund statements and shown on the government-wide financial statements as bonds payable and bond premium.	( <u>10,109,934</u> )
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Changes in Net Position of Governmental Activities	\$ 1,303,746
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**See Accompanying Notes and Independent Auditor's Report**

**HUNTINGDON AREA SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2022**

	<u><b>Food Service</b></u>
<u><b>Assets</b></u>	
Cash and Cash Equivalents	\$ 252,244
Intergovernmental Receivables	13,870
Interfund Receivables	113,412
Inventories	6,197
Other Accounts Receivable	<u>50,253</u>
Total Current Assets	\$ 435,976
<u><b>Noncurrent Assets</b></u>	
Furniture and Equipment, Net	\$ -
Total Assets	<u>\$ 435,976</u>
<u><b>Deferred Outflows of Resources</b></u>	
Deferred Outflows Related to OPEB	\$ 33,709
Deferred Outflows Related to Defined Benefit Pension Plan	<u>39,366</u>
Total Deferred Outflows of Resources	<u>\$ 73,075</u>
<u><b>Liabilities and Net Position</b></u>	
<u><b>Current Liabilities</b></u>	
Interfund Payables	\$ 13,227
Accounts Payable	1,263
Unearned Revenue	55,475
Unearned Revenue - Commodities	<u>5,577</u>
Total Current Liabilities	\$ 75,542
<u><b>Noncurrent Liabilities</b></u>	
Compensated Absences	\$ 18,796
OPEB	110,262
Net Pension Liability	<u>759,046</u>
Total Noncurrent Liabilities	\$ 888,104
Total Liabilities	<u>\$ 963,646</u>
<u><b>Deferred Inflows of Resources</b></u>	
Deferred Inflows Related to OPEB	\$ 42,906
Deferred Inflows Related to Defined Benefit Pension Plan	<u>106,298</u>
Total Deferred Inflows of Resources	<u>\$ 149,204</u>
<u><b>Net Position</b></u>	
Invested in Capital Assets	\$ -
Unrestricted	<u>( 603,799)</u>
Total Net Position	<u>(\$ 603,799)</u>

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

HUNTINGDON AREA SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2022

	<u><b>Food Service</b></u>
<u><b>Operating Revenues</b></u>	
Food Service Revenue	\$ 61,159
<u><b>Operating Expenses</b></u>	
Salaries	\$ 306,658
Employee Benefits	238,632
Other Purchased Services	600,457
Supplies	51,999
Depreciation	665
Other	<u>548</u>
Total Operating Expenses	\$1,198,959
Operating (Loss)	<u>(\$1,137,800)</u>
<u><b>Nonoperating Revenues</b></u>	
State Sources	\$ 108,270
Federal Sources	<u>1,257,919</u>
Total Nonoperating Revenues	\$1,366,189
Change In Net Position	\$ 228,389
<u><b>Net Position</b></u> - Beginning	( <u>832,188</u> )
<u><b>Net Position</b></u> - Ending	<u>(\$ 603,799)</u>

See Accompanying Notes and Independent Auditor's Report



**HUNTINGDON AREA SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2022**

	<u><b>Food Service</b></u>
<u><b>Cash Flows from Operating Activities</b></u>	
Cash Received from Users	\$ 192,895
Cash Payments to Employees for Services	( 720,601)
Cash Payments to Suppliers for Goods and Services	( 658,434)
Net Cash (Used) by Operating Activities	(\$1,186,140)
<u><b>Cash Flows from Noncapital Financing Activities</b></u>	
State Sources	\$ 107,872
Federal Sources	1,242,195
Net Cash Provided by Noncapital Financing Activities	\$1,350,067
<u><b>Cash Flows from Capital and Related Financing Activities</b></u>	
Purchase of Equipment	\$ -
Net Increase in Cash and Cash Equivalents	\$ 163,927
<u><b>Cash and Cash Equivalents - Beginning</b></u>	88,317
<u><b>Cash and Cash Equivalents - Ending</b></u>	\$ 252,244
<u><b>Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities</b></u>	
Operating (Loss)	(\$1,137,800)
Adjustments to Reconcile Operating (Loss) to Net Cash (Used) by Operating Activities:	
Depreciation and Net Amortization	\$ 665
Donated Commodities	51,019
Change in Assets and Liabilities:	
Decrease in Inventories	179
(Increase) in Interfund Receivables	( 69,562)
Decrease in Other Accounts Receivable	47,311
(Decrease) in Interfund Payable	( 35,641)
(Decrease) in Accounts Payable	( 5,611)
Increase in Unearned Revenue	33,404
Decrease in Compensated Absences	( 4,161)
Decrease in Deferred Outflows	4,160
Increase in Deferred Inflows	121,930
Decrease in OPEB Liability	( 32,572)
Decrease in Net Pension Liability	( 159,461)
Total Adjustments	(\$ 48,340)
Cash (Used) by Operating Activities	(\$1,186,140)

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

HUNTINGDON AREA SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
YEAR ENDED JUNE 30, 2022

	<b><u>Custodial Fund</u></b>
<b><u>Assets</u></b>	
Cash and Cash Equivalents	\$65,252
	<hr/>
<b><u>Liabilities and Net Position</u></b>	
<b><u>Liabilities</u></b>	
Accounts Payable	\$      3
	<hr/>
<b><u>Net Position</u></b>	
Restricted for School Use/Student Organizations	\$65,249
	<hr/>
Total Liabilities and Net Position	\$65,252
	<hr/>

See Accompanying Notes and Independent Auditor's Report

HUNTINGDON AREA SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
YEAR ENDED JUNE 30, 2022

	<b><u>Custodial Fund</u></b>
<b><u>Additions</u></b>	
Student Activity Income	\$74,589
<b><u>Deductions</u></b>	
Payments Made on Behalf of Student Organizations	<u>71,531</u>
Change in Net Position	\$ 3,058
<b><u>Net Position</u></b> - Beginning of Year	<u>62,191</u>
<b><u>Net Position</u></b> - End of Year	<u>\$65,249</u>

See Accompanying Notes and Independent Auditor's Report

**HUNTINGDON AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

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

**A. Description of Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the School District unit. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

**B. Reporting Entity**

The Huntingdon Area School District (a Class 2 school district) operates under a nine-member board of education and provides instruction, support services, and certain noninstructional services. The accompanying financial statements present the School District.

Governmental Accounting Standards Board, *The Financial Reporting Entity*, establishes criteria for determining which organizations should be included in a governmental financial reporting entity. The financial reporting entity consists of the primary government and any of its component units.

The financial statements include only those of the Huntingdon Area School District, which is the primary governmental entity.

The criteria used in determining whether other organizations should be included in the School District's financial reporting entity are financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters, scope of public service and special financing relationships. As of June 30, 2022, it has been determined that there are no other organizations, authorities, or other governmental units that should be included as part of the reporting entity as component units.

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

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

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

HUNTINGDON AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022  
(CONTINUED)

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

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

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

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

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

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

**Governmental Funds**

The School District reports the following major governmental funds:

- The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the School District, except those specifically required to be accounted for in another fund.
- The *capital projects (capital reserve fund)* are used to account for moneys transferred during the year from appropriations made for any particular purpose, which may not be needed or surplus moneys at the end of the year. The moneys in this fund may be expended only for capital improvements and for replacement of and additions to public works and improvements, and for deferred maintenance, and for the purchase or replacement of school buses, and for no other purpose.

**Proprietary Funds**

The School District reports the following major enterprise fund:

- The *food service fund* accounts for the financial transactions related to the food service operations of the School District.

**Fiduciary Fund Types**

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



HUNTINGDON AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022  
(CONTINUED)

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

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

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

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

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

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

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

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

HUNTINGDON AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022  
(CONTINUED)

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

**E. Measurement Focus and Basis of Accounting** (Continued)

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

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

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

**1. Cash and Cash Equivalents**

The School District's cash and cash equivalents are considered to be cash on hand, demand deposits, and pooled funds, which can be immediately converted into cash.

**2. Inventories and Prepaid Items**

Inventories consist of commodities held by the School District's food service fund at cost, if purchased, and market, if donated.

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

**3. Capital Assets**

Capital assets, which include land, buildings, building improvements, equipment, and improvements other than buildings are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The School District defines capital assets as assets with an initial, individual cost of more than \$4,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

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

HUNTINGDON AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022  
(CONTINUED)

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

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

**3. Capital Assets** (Continued)

Buildings, building improvements, equipment, and improvements other than buildings of the School District and its component unit are depreciated using the straight-line method over the following estimated lives:

<u>Assets</u>	<u>Years</u>
Buildings	15 - 40
Building Improvements	5 - 30
Equipment	3 - 20
Improvements other than buildings	10 - 20

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

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represent a consumption of net position that applies to future periods and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. They are the deferred charge on refunding reported in the government-wide statement of net position and deferred amounts related to pension and OPEB. The deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount will be amortized over the shorter of the life of the refunded or refunding debt or the life of the bond issue. The deferred outflow related to pension and OPEB liability will be amortized over the required number of years.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has two types of items that qualify for reporting in this category. The bond premium related to refunding reported in the government-wide statement of net position and deferred amounts related to pension and OPEB. The bond premium is amortized over the shorter of the life of the refunded or refunding debt or the life of the bond issue and the deferred outflow related to pension and OPEB liability will be amortized over the required number over years.

**5. Net Position Flow Assumption**

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

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



**HUNTINGDON AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**  
**(CONTINUED)**

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

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

**6. Fund Balance Flow Assumptions**

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

**7. New Accounting Standard**

The School has adopted all current statements of Government Accounting Standards Board (GASB) that are applicable at June 30, 2022. The School implemented the following new standard issued by GASB:

In June 2017, the Government Accounting Standards Board (GASB) issued Statement No. 87, *Leases*. GASB Statement No. 87 (GASB No. 87) increases the usefulness of governmental financial statements by requiring recognition of certain lease assets and liabilities for all leases, including those that previously were classified as operating leases and recognized as income by lessors and expenditures by lessees. GASB No. 87 replaces the previous lease accounting methodology and establishes a single model for lease accounting based on the foundational principle that leases are a financing of the right-to-use an underlying asset.

GASB No. 87 defines a lease as a contract that conveys control of the right-to-use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. GASB No. 87 applies to all contracts meeting this definition of a lease, unless specifically excluded.

There was no adjustment needed to beginning net position related to the implementation of GASB No. 87.

**8. Fund Balance Policies**

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

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

HUNTINGDON AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022  
(CONTINUED)

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

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

**8. Fund Balance Policies** (Continued)

**Nonspendable** - amounts that cannot be spent because they are in a nonspendable form (e.g., inventory or prepaid expenses) or legally or contractually required to be maintained intact (e.g., principal of a permanent fund).

**Restricted** - amounts limited by (a) external parties, such as creditors, grantors, and donors, or (b) legislation, such as constitutional provisions or enabling legislation.

**Committed** - amounts limited by School Board (e.g., encumbrances or future anticipated costs). The School Board establishes, modifies, and rescinds commitments by passage of an ordinance or resolution, typically through the adoption and amendment of the budget.

**Assigned** - amounts that management intends for a particular purpose, such as a rate stabilization fund or segregation of an amount intended to be used at some time in the future. Assigned fund balances are intended for a specific purpose, such as the purchase of capital assets, construction, debt service, or other purposes.

**Unassigned** - amounts available for consumption or not restricted in any manner.

**G. Revenues and Expenditures/Expenses**

**1. Program Revenues**

Amounts reported as program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All internally dedicated resources are reported as general revenues rather than as program revenues.

**2. Compensated Absences**

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



**HUNTINGDON AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022  
(CONTINUED)**

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

**G. Revenues and Expenditures/Expenses** (Continued)

**3. Proprietary Funds Operating and Nonoperating Revenues and Expenses**

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 a proprietary fund's principal ongoing operations. The principal operating revenues of the fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Note 2: Deposits and Investments**

**Cash Deposits with Financial Institutions**

The School District's carrying amount of bank deposits at June 30, 2022 is \$8,221,417 and the bank balance is \$8,449,525. Of the bank balance, \$500,000 is covered by federal depository insurance and \$6,690,397 is covered by collateral held in the pledging bank's trust department, but not in the School District's name. In addition, \$1,259,128 of the bank balance is invested in an external investment pool, which is rated AAAM, from which the School District purchased a prorata share of all investments and deposits, which are held in the name of the fund, which is considered to be a cash equivalent by the School District.

**Custodial credit risk** for deposits is the risk that in the event of a bank failure, the School District's deposits may not be returned, or the School District will not be able to recover collateral securities in the possession of an outside party. The School District's policy requires that deposits be insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law shall be pledged by the depository and obligations of the United States of America, Commonwealth of Pennsylvania, or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or of 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.

Deposits of the School District's reporting entity are insured or collateralized with securities held by the School District, its agent, or by the pledging financial institution's trust department or agent in the name of the School District, or collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the School District's name.

**Note 3: Property Taxes**

Real estate taxes for the School District are collected from thirteen townships and boroughs. The tax on real estate in these municipalities for public school purposes for fiscal year 2022 was 48.3732 mills (\$48.37 per \$1,000 of assessed valuation) as levied by the Board. Assessed valuations of property are determined by the Huntingdon County and

**HUNTINGDON AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022  
(CONTINUED)**

**Note 3: Property Taxes (Continued)**

the elected tax collectors are responsible for collection. The Board of School Directors also levies per capita taxes based on the census of residents in the School District. The tax rate under Section 679 is \$5/person and under Act 511 is \$10/person. The total per capita tax levied by the District is \$15/person. The schedule for real estate taxes levied for each fiscal year is as follows:

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

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

Following is a listing of taxes receivable at June 30, 2022:

	<u>Gross Taxes Receivable</u>	<u>Allowance for Uncollectible Taxes</u>	<u>Net Estimated to be Collectible</u>	<u>Governmental Funds Tax Revenue Recognized</u>	<u>Deferred Taxes</u>
Real Estate	\$328,931	\$0	\$328,931	\$260,572	\$ 68,359
EIT and Other	68,184	0	68,184	68,184	0
Real Estate Transfer	<u>36,929</u>	<u>0</u>	<u>36,929</u>	<u>36,929</u>	<u>0</u>
Total	<u>\$434,044</u>	<u>\$0</u>	<u>\$434,044</u>	<u>\$365,685</u>	<u>\$ 68,359</u>

**Note 4: Capital Assets**

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

	<u>Beginning Balance 6/30/2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance 6/30/2022</u>
<b><u>Governmental Activities</u></b>				
Capital Assets, not being depreciated:				
Land	\$ 196,747	\$ 0	\$-	\$ 196,747
Total Capital Assets, not being depreciated	<u>\$ 196,747</u>	<u>\$ 0</u>	<u>\$-</u>	<u>\$ 196,747</u>
Buildings and Improvements	\$64,964,518	\$ -	\$-	\$64,964,518
Furniture and Equipment	4,455,282	42,948	-	4,498,230
Right-to-Use Asset	-	104,257	-	104,257
Total Capital Assets being depreciated	<u>\$69,419,800</u>	<u>\$ 147,205</u>	<u>\$-</u>	<u>\$69,567,005</u>

**HUNTINGDON AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022  
(CONTINUED)**

**Note 4: Capital Assets (Continued)**

	Beginning Balance 6/30/2021	Increases	Decreases	Ending Balance 6/30/2022
<b><u>Governmental Activities</u> (Continued)</b>				
Accumulated Depreciation for:				
Buildings and Improvements	(\$26,275,247)	(\$1,896,405)	\$-	(\$28,171,652)
Furniture and Equipment	( 3,690,554)	( 120,505)	-	( 3,811,059)
Right-to-Use Asset	-	( 52,129)	-	( 52,129)
Total Accumulated Depreciation	(\$29,965,801)	(\$2,069,039)	\$-	(\$32,034,840)
Governmental Activities, net	\$39,650,746	(\$1,921,834)	\$-	\$37,728,912
<b><u>Business-Type Activities</u></b>				
Furniture and Equipment	\$ 113,228	\$ -	\$-	\$ 113,228
Less: Accumulated Depreciation	( 112,563)	( 665)	-	( 113,228)
Business-Type, Net	\$ 665	(\$ 665)	-	\$ -

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

<b><u>Governmental Activities</u></b>	
Instructional	\$1,448,908
Instructional Student Support	235,805
Administration and Financial Support	201,039
Operation and Maintenance of Facilities	183,287
Total Depreciation Expense, Governmental Activities	\$2,069,039

**Note 5: Pension Plan**

**Summary of Significant Accounting Policies Relative to 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' fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The investments are reported at fair value.

**General Information about the Pension Plan**

**Plan Description**

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

**HUNTINGDON AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022  
(CONTINUED)**

**Note 5: Pension Plan (Continued)**

**Summary of Significant Accounting Policies Relative to Pensions** (Continued)

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



**HUNTINGDON AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022  
(CONTINUED)**

**Note 5: Pension Plan (Continued)**

**Summary of Significant Accounting Policies Relative to Pensions** (Continued)

**Contributions** (Continued)

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

**Employer Contributions:**

The School District's contractually required contribution rate for fiscal year ended June 30, 2022 was 33.43% 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 School District were \$4,044,166 for the year ended June 30, 2022.

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

At June 30, 2022, the School District reported a liability of \$34,406,000, reduced by \$4,044,166 of contributions made subsequent to the measurement date for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2020 to June 30, 2021. The School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2022, the School District's proportion was .0840%, which was a decrease of .0013% from its proportion measured as of June 30, 2021.

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

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Net difference between projected and actual investment earnings	(\$ 72,847)	\$4,106,660
Changes in proportions	375,441	7,828
Changes in assumptions	1,252,472	0
Net differences between expected and actual experience	<u>19,576</u>	<u>137,427</u>
	<u>\$1,574,642</u>	<u>\$4,251,915</u>



**HUNTINGDON AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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(CONTINUED)**

**Note 5: Pension Plan (Continued)**

**Summary of Significant Accounting Policies Relative to Pensions (Continued)**

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

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

<u>Year Ended June 30</u>	<u>Amount</u>
2023	(\$ 958,437)
2024	( 555,882)
2025	( 1,162,954)

**Changes in Actuarial Assumptions**

The Total Pension Liability as of June 30, 2021 was determined by rolling forward the System's Total Pension Liability as of June 30, 2020 to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

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

**HUNTINGDON AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022  
(CONTINUED)**

**Note 5: Pension Plan** (Continued)

**Summary of Significant Accounting Policies Relative to Pensions** (Continued)

**Changes in Actuarial Assumptions** (Continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2020.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Long-Term Expected Real Rate of Return</u>
Global Public Equity	27.0%	5.2%
Private Equity	12.0%	7.3%
Fixed Income	35.0%	1.8%
Commodities	10.0%	2.0%
Absolute Return	8.0%	3.1%
Infrastructure/MLPs	8.0%	5.1%
Real Estate	10.0%	4.7%
Cash	3.0%	0.1%
Leverage	( 13.0%)	0.1%
	100.0%	

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

**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.

**HUNTINGDON AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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(CONTINUED)**

**Note 5: Pension Plan (Continued)**

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

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

	<b>1% Decrease <u>6.00%</u></b>	<b>Current Discount Rate <u>7.00%</u></b>	<b>1% Increase <u>8.00%</u></b>
School District's proportionate share of the net pension liability	\$45,159,000	\$34,406,000	\$25,335,000

**Pension Plan Fiduciary Net Position**

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

Condensed summary information of the School District's proportionate share of the PSERS assets, liabilities, and net position from the PSERS Comprehensive Annual Financial Report for the year ended June 30, 2021 is as follows:

Assets	\$68,912,000
Liabilities	( <u>8,407,000</u> )
Net Position Held in Trust for Benefits	<u>\$60,505,000</u>

As of June 30, 2022, the District had the following elements related to its PSERS Plan:

Total Pension Expense	\$1,000,300
Total Pension Expenditures	<u>\$3,909,663</u>

In addition, as of June 30, 2022, the School District had a payable of \$1,471,730 to the PSERS pension plan, of which \$1,026,097 represents the second quarter 2022 required contribution, while \$445,633 represents the liability related to accrued payroll as of June 30, 2022.

**Note 6: OPEB**

**Other Postemployment Benefits - PSERS**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS) and

**HUNTINGDON AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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(CONTINUED)**

**Note 6: OPEB (Continued)**

**Other Postemployment Benefits - PSERS (Continued)**

additions to/deductions from PSERS' 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, 2020, there were no assumed future benefit increases to participating eligible retirees.

**Premium Assistance Eligibility Criteria**

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

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

**Pension Plan Description**

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

**Benefits Provided**

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



**HUNTINGDON AREA SCHOOL DISTRICT  
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(CONTINUED)**

**Note 6: OPEB (Continued)**

**Employer Contributions**

The School Districts' contractually required contribution rate for the fiscal year ended June 30, 2021 was 0.80% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the School District were \$82,534 for the year ended June 30, 2022.

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

At June 30, 2022, the School District reported a liability of \$1,991,000 for its proportionate share of the net OPEB liability, which was reduced by contributions of \$82,534 made subsequent to the measurement date. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2020 to June 30, 2021. The School District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2022, the School District's proportion was .0840%, which was an increase of .0013% from its proportion measured as of June 30, 2021.

At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Net differences between expected and actual experience	\$ 11,395	\$ 0
Changes in assumptions	147,270	17,539
Net difference between projected and actual investment earnings	2,540	0
Changes in proportions	<u>22,563</u>	<u>15,763</u>
	<u>\$183,768</u>	<u>\$33,302</u>

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	\$54,286
2024	52,473
2025	43,707
2026	0



**HUNTINGDON AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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(CONTINUED)**

**Note 6: OPEB (Continued)**

**Actuarial Assumptions**

The Total OPEB Liability as of June 30, 2021, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2020 to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 2.18% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 4.50%, 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 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.
- Participation Rate:
  - Eligible retirees will elect to participate Pre age 65 at 50%
  - Eligible retirees will elect to participate Post age 65 at 70%

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

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2019 determined the employer contribution rate for fiscal year 2021.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

Investments 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.

HUNTINGDON AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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(CONTINUED)

**Note 6: OPEB (Continued)**

**Actuarial Assumptions** (Continued)

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.

<b><u>OPEB - Asset Class</u></b>	<b><u>Target Allocation</u></b>	<b><u>Long-Term Expected Real Rate of Return</u></b>
Cash	79.8%	0.1%
US Core Fixed Income	17.5%	0.7%
Non-US Developed Fixed	<u>2.7%</u>	<u>(0.3%)</u>
	100.0%	

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

**Discount Rate**

The discount rate used to measure the Total OPEB Liability was 2.18%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 2.66% which represents the S&P 20-year Municipal Bond Rate at June 30, 2021, was applied to all projected benefit payments to measure the total OPEB liability.

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2021, 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, 2021, 93,392 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2020, 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.

**HUNTINGDON AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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(CONTINUED)**

**Note 6: OPEB (Continued)**

**Sensitivity of the System Net OPEB Liability to Change in Healthcare Cost Trend Rates** (Cont.)

The following presents the System net OPEB liability for June 30, 2021, calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if its health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Dollar Amounts in Thousands</u>		
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
System Net OPEB Liability	\$1,991,000	\$1,991,000	\$1,992,000

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

The following presents the net OPEB liability, calculated using the discount rate of 2.18%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower, 1.18%, or 1-percentage-point higher, 3.18%, than the current rate:

	<u>1% Decrease 1.18%</u>	<u>Current Discount Rate 2.18%</u>	<u>1% Increase 3.18%</u>
School District's Proportionate Share of the Net OPEB Liability	\$2,285,000	\$1,991,000	\$1,749,000

**OPEB Plan Fiduciary Net Position**

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

Condensed summary information of the School District's proportionate share of the PSERS assets, liabilities, and net position from the PSERS Comprehensive Annual Financial Report for the year ended June 30, 2021 is as follows:

Assets	\$490,000
Liabilities	( 67,000)
Net Position Held in Trust for Benefits	\$423,000

In addition, as of June 30, 2022, the School District had a payable of \$34,492 to the PSERS OPEB plan, of which \$24,048 represents the second quarter 2022 required contribution, while \$10,444 represents the liability related to accrued payroll as of June 30, 2022.

**HUNTINGDON AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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(CONTINUED)**

**Note 6: OPEB (Continued)**

**OPEB Plan Fiduciary Net Position (Continued)**

As of June 30, 2021, the District had the following elements related to its PSERS Plan:

Total OPEB Expense	\$110,356
	<hr/>
Total OPEB Expenditures	\$ 78,712
	<hr/>

**Other Postemployment Benefits - Single Employer**

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

**Summary of Plan Provisions**

Group	Eligibility	Coverage and Premium Sharing	Duration
I. Teachers	Age 52 with 25 years of PSERS service including 15 years of District service or Act 110/43	Act 110/43	Member coverage continues until Medicare age. Spouse coverage continues until the earlier of Medicare age and member Medicare age.
II. Union Support Staff excluding Custodians	PSERS Retirement	Act 110/43	Same as I
III. All Other Employees	Act 110/43	Act 110/43	Same as I

**Notes**

Act 110/43 Eligibility: All employees are eligible for this benefit upon retirement with 30 years of PSERS service or upon superannuation retirement.

Act 110/43 Coverage and Premium Sharing: Retired employees are allowed to continue coverage for themselves and their dependents in the employer's group health plan until the retired employee reaches Medicare age. In order to obtain coverage, retired employees must provide payment equal to the premium determined for the purpose of COBRA.

PSERS Retirement:

- 1) Pension Class T-C or T-D: An employee is eligible for PSERS retirement if he (or she) is eligible for either: i) PSERS early retirement while under 62 with 5 years of PSERS service or ii) PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS service, age 62 with 1 year of PSERS service, or 35 years of PSERS service regardless of age. In general these pension classes apply to individuals who were members of PSERS prior to July 1, 2011.



**HUNTINGDON AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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(CONTINUED)**

**Note 6: OPEB (Continued)**

**Summary of Plan Provisions (Continued)**

- 2) Pension Class T-E or T-F: An employee is eligible for PSERS retirement if he (or she) is eligible for either: i) PSERS early retirement while under 65 with 10 years of PSERS service or ii) PSERS superannuation retirement upon reaching age 65 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 92 with a minimum of 35 years of PSERS service. In general, these pension classes apply to individuals who became members of PSERS on or after July 1, 2011 and prior to July 1, 2019.
- 3) Pension Class T-G: an employee is eligible for PSERS retirement if he (or she) is eligible for either: i) PSERS early retirement while under 67 with 10 years of PSERS service or ii) PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 97 with a minimum of 35 years of PSERS service. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.
- 4) Pension Class T-H: An employee is eligible for PSERS retirement if he (or she) is eligible for either: i) PSERS early retirement while under 67 with 10 years of PSERS service or ii) PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.
- 5) All individuals except those in Pension Class T-G are eligible for a special early retirement upon reaching age 55 with 25 years of PSERS service. Individuals in Pension Class T-G are eligible for a special early retirement upon reaching age 57 with 25 years of PSERS service.

**Discount Rate**

2.28% based on S&P Municipal Bond 20-Year High Grade Rate Index at July 1, 2021.

**Salary**

An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary incases are composed of a 2.5% cost of living adjustment, 1% real wage growth, and for teachers and administrators a merit increase which varies by age from 2.75% to 0%.

**Withdrawal**

Rates of withdrawal vary by age, gender, and years of service. Sample rates for employees with more than 10 years of service are shown below. Rates for new employees start at 22.9% for both men and women and decrease with age and service.

<u>Age</u>	<u>Male Rate</u>	<u>Female Rate</u>	<u>Age</u>	<u>Male Rate</u>	<u>Female Rate</u>
25	2.5700%	5.0200%	45	1.3700%	1.6500%
30	2.5700%	4.0200%	50	1.9200%	2.0600%
35	1.5000%	2.8500%	55	3.3800%	3.1100%
40	1.3400%	1.6000%	60	5.5700%	6.4000%



**HUNTINGDON AREA SCHOOL DISTRICT  
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(CONTINUED)**

**Note 6: OPEB (Continued)**

**Mortality**

Separate rates are assumed preretirement and postretirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation.

Incorporated into the table are rates projected generationally by the Buck Modified 2016 Projection Scale to reflect mortality improvement.

**Disability**

No disability was assumed.

**Retirement**

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

<u>Age</u>	<b>Special Early Retirement</b>		<b>Superannuation</b>	
	<b><u>Male Rate</u></b>	<b><u>Female Rate</u></b>	<b><u>Male Rate</u></b>	<b><u>Female Rate</u></b>
55	19%	19%	27%	10%
56	17%	17%	32%	30%
57	17%	17%	32%	30%
58	17%	17%	32%	35%
59	22%	21%	31%	36%
60	14%	17%	31%	36%
61	29%	30%	29%	31%
62	51%	61%	51%	61%
63	26%	26%	26%	26%
64	21%	22%	21%	22%
65	100%	100%	100%	100%

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

65% of retirees are assumed to elect coverage.

**Percent Married at Retirement**

80% of employees are assumed to be married, and 15% of married employees are assumed to have a spouse covered by the plan at retirement. Non-spouse dependents are deemed to be immaterial.

**Spouse Age**

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

**Per Capita Claims Cost**

The per capita claims cost for medical and prescription drug is based on the expected portion of the group's overall cost attributed to individuals in the specified age and gender brackets. The resulting costs are as follows:

**HUNTINGDON AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**  
**(CONTINUED)**

**Note 6: OPEB (Continued)**

**Per Capita Claims Cost (Continued)**

<u>Age</u>	<u>Medical and Prescription Drug Combined</u>	
	<u>Males</u>	<u>Females</u>
45-49	\$8,536	\$12,328
50-54	\$11,305	\$13,933
55-59	\$13,769	\$14,579
60-64	\$17,968	\$16,747

**Retiree Contributions**

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

**Health Care Cost Trend Rate**

5.5% in 2021 through 2023. Rates gradually decrease from 5.4% in 2024 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

**Actuarial Value of Assets**

Equal to the market Value of Assets

**Actuarial Cost Method - Entry Age Normal**

Under the Entry Age Normal Cost method, the normal cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The accrued liability as of the valuation date is the excess of the present value of future benefits over the present value of future normal cost. The unfunded accrued liability is the excess of the accrued liability over the actuarial value of assets. Actuarial gains and losses serve to reduce or increase the unfunded accrued liability.

**Participant Data**

Based on census information as of June 2022. Due to the timing of School District turnover, the data is believed to be representative of the population for the 2021-2022 school year.

**Plan Membership**

Inactive plan members or beneficiaries currently receiving benefits	6
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	<u>261</u>
	267

**Components of the Net OPEB Liability**

Total OPEB liability	\$2,501,996
Plan fiduciary net position	<u>0</u>
Net OPEB Liability	<u>\$2,501,996</u>

Plan fiduciary net position as a percentage of the total OPEB liability 0.00%

HUNTINGDON AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022  
(CONTINUED)

**Note 6: OPEB (Continued)**

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

	1% Decrease <u>1.28%</u>	Current Discount Rate <u>2.28%</u>	1% Increase <u>3.38%</u>
Net OPEB Liability (Asset)	\$2,691,262	\$2,501,996	\$2,321,378

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

	1% <u>Decrease</u>	Current Healthcare Cost Trend Rates	1% <u>Increase</u>
Net OPEB Liability (Asset)	\$2,204,728	\$2,501,996	\$2,854,995

**Annual OPEB Expense**

1. Service Cost	\$ 150,458
2. Interest on Total OPEB Liability	140,496
3. Amortization of Deferred Outflows	221,911
4. Amortization of Deferred Inflows	( 138,418)
Total OPEB Expense	<u>\$ 374,447</u>

**Total OPEB Liability**

Fiscal Year Ending 6/30/2022	<u>\$4,022,251</u>
Balance at 7/1/2020	\$ 150,458
Service Cost	140,496
Interest	0
Changes of Benefit Terms	
Differences between Expected and Actual Experience	( 1,563,452)
Changes of Assumptions	( 81,152)
Benefit Payments	( 166,605)
Other Changes	<u>0</u>
Net Changes	<u>(\$1,520,255)</u>
Balance at 7/1/2021	<u>\$2,501,996</u>

**HUNTINGDON AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**  
**(CONTINUED)**

**Note 6: OPEB (Continued)**

**Changes of Assumptions**

The discount rate changed from 3.50 to 2.28%. The trend and spouse age assumptions were updated. Assumptions for salary, mortality, withdrawal, and retirement were updated based on PSERS assumptions.

**Changes of Benefit Terms**

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

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

**Deferred Outflows and Deferred Inflows of Resources**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 20,292	\$1,535,123
Changes in assumptions	1,107,109	147,849
Benefit payments subsequent to The measurement date (July 1, 2021)	<u>37,292</u>	<u>0</u>
	<u>\$1,164,603</u>	<u>\$1,682,972</u>

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

<u>Year Ended June 30</u>	<u>Amount</u>
2023	\$ 83,493
2024	83,493
2025	83,493
2026	83,493
2027	83,493
Thereafter	( 973,128)

**Note 7: Long-Term Debt**

The amount of long-term debt is \$68,797,593, which is consistent with the generally accepted accounting principles that exclude interest and administrative expenses payable in future years from debt statements on general obligation bonds or other long-term debts. The total long-term debt represents the following:

Net Pension Liability	\$30,361,834
General Obligation Bonds	33,190,000
Long-Term Portion of Compensated Absences (Accumulated Sick Leave)	779,782
OPEB	4,410,462
Lease Liability	<u>55,515</u>
Total Long-Term Debt Obligations	<u>\$68,797,593</u>

**HUNTINGDON AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022  
(CONTINUED)**

**Note 7: Long-Term Debt (Continued)**

**A. General Obligation Bonds, Series of 2016**

On July 1, 2014, the District issued \$9,930,000 of general obligation bonds.

The proceeds of the 2016 bonds will be used to advance refunding of the School District's remaining outstanding General Obligation Bonds, Series 2011 being \$635,000 principal amount stated to mature on March 1, 2017 to and including March 1, 2025; and a partial refunding of Series 2012 bonds being in the amount of \$8,885,000 principal amount stated to mature on March 1, 2027 to and including March 1, 2036; and to pay the costs of issuing the 2016 bonds.

This bond issue was paid off during the fiscal year 2021-2022 with the proceeds from the General Obligation Bonds, Series of 2021.

**B. General Obligation Bonds, Series of 2019**

On November 12, 2019, the District issued \$6,200,000 of general obligation bonds.

The proceeds of the 2019 bonds will be used to advance refunding of the School District's remaining outstanding General Obligation Bonds, Series 2012 being \$1,085,000 principal amount stated to mature on March 1, 2026, along with the School District's remaining outstanding General Obligation Bonds, Series of 2014, being \$5,569,000 principal amount stated to mature on September 1, 2023 and to pay the costs of issuing the 2019 bonds.

This advance refunding was undertaken to reduce total debt service payments over the next 6 years resulted in an economic gain of \$393,998. Debt service to maturity is as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30, 2023	\$1,395,000	\$158,875	\$1,553,875
June 30, 2024	1,330,000	90,750	1,420,750
June 30, 2025	725,000	39,375	764,375
June 30, 2026	<u>425,000</u>	<u>10,625</u>	<u>435,625</u>
Total	\$3,875,000	\$299,625	\$4,174,625

**C. General Obligation Bonds, Series of 2020**

On March 26, 2020, the District issued \$9,545,000 of general obligation bonds.

The proceeds of the 2020 bonds will be used to fund the School District's ongoing HVAC project and to pay the cost of issuing the 2020 bonds.



**HUNTINGDON AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**  
**(CONTINUED)**

**Note 7: Long-Term Debt** (Continued)

**C. General Obligation Bonds, Series of 2020** (Continued)

Debt service to maturity is as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30, 2023	\$ 5,000	\$ 285,675	\$ 290,675
June 30, 2024	5,000	285,525	290,525
June 30, 2025	100,000	283,950	383,950
June 30, 2026	105,000	280,875	385,875
June 30, 2027	115,000	277,575	392,575
June 30, 2028-2032	615,000	1,334,325	1,949,325
June 30, 2033-2037	2,480,000	1,207,950	3,687,950
June 30, 2038-2040	<u>6,100,000</u>	<u>278,100</u>	<u>6,378,100</u>
Total	\$9,525,000	\$4,233,975	\$13,758,975

**D. General Obligation Bonds, Series of 2020A**

On June 4, 2020, the District issued \$9,970,000 of general obligation bonds.

The proceeds of the 2020A bonds will be used to advance funding of the School District's remaining outstanding General Obligation Bonds, Series of 2015, being \$9,695,000 principal amount stated to mature on September 1, 2035, and to pay the cost of issuing the 2020A bonds.

This advance refunding was undertaken to reduce total debt service payments over the next 16 years resulted in an economic gain of \$1,116,798. Debt service to maturity is as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30, 2023	\$ 80,000	\$ 234,506	\$ 314,506
June 30, 2024	80,000	230,506	310,506
June 30, 2025	275,000	221,631	496,631
June 30, 2026	770,000	195,506	965,506
June 30, 2027	790,000	168,356	958,356
June 30, 2028-2032	4,220,000	594,381	4,814,381
June 30, 2033-2036	<u>3,685,000</u>	<u>156,634</u>	<u>3,841,634</u>
Total	\$9,900,000	\$1,801,520	\$11,701,520

**E. General Obligation Bonds Series of 2021**

On December 28, 2021, the District issued \$9,890,000 of General Obligation Bonds Series of 2021 for the advance funding of the School District's remaining outstanding General Obligation Bonds Series of 2016 in the amount of \$9,655,000, outstanding interest and bonds issue costs in the total amount of \$235,000. This advance refunding resulted in a savings of \$532,364.

**HUNTINGDON AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**  
**(CONTINUED)**

**Note 7: Long-Term Debt** (Continued)

**E. General Obligation Bonds Series of 2021** (Continued)

The debt service to maturity is as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30, 2023	\$ 5,000	\$ 199,025	\$ 204,025
June 30, 2024	70,000	198,925	268,925
June 30, 2025	450,000	197,525	647,525
June 30, 2026	395,000	188,525	583,525
June 30, 2027	820,000	180,625	1,000,625
June 30, 2028-2032	4,340,000	651,025	4,991,025
June 30, 2033-2036	<u>3,810,000</u>	<u>197,200</u>	<u>4,007,200</u>
Total	<u>\$9,890,000</u>	<u>\$1,812,850</u>	<u>\$11,702,850</u>

**F. Lease Liability**

On June 1, 2019, the District entered into a lease with Apple, Inc. for iPads. The lease calls for annual payments of \$26,245.

On September 1, 2018, the District entered into a lease with Phillips Capital for copiers. The lease calls for annual payments of \$33,774.

Future minimum lease payments for these leases are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$55,516	\$4,503	\$60,019

**G. Long-Term Portion of Compensated Absences**

Pursuant to the various employment agreements (HAEA, HAESPA, and SEIU) and employment contracts, unused accumulated sick days will be paid at a fixed, per day amount to employees meeting certain criterion as was described in Note 1.

The long-term portion of compensated absences to be paid in future years is estimated to be \$779,782.

**H. OPEB Liability**

Per actuarial calculation, the other postemployment benefit liability as of June 30, 2022 is \$4,410,462.

**HUNTINGDON AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022  
(CONTINUED)**

**Note 7: Long-Term Debt (Continued)**

**I. Changes in Long-Term Debt**

	Beginning Balance 7/1/2021	Additions	Reductions	Ending Balance 6/30/2022	Due Within One Year
<b><u>Governmental Activities</u></b>					
General Obligation Bonds:					
Series of 2016	\$ 9,655,000	\$ -	(\$ 9,655,000)	\$ -	\$ -
Series of 2019	5,195,000	-	( 1,320,000)	3,875,000	1,395,000
Series of 2020	9,535,000	-	( 10,000)	9,525,000	5,000
Series of 2020A	9,970,000	-	( 70,000)	9,900,000	80,000
Series of 2021	-	9,890,000	-	9,890,000	5,000
Total General Obligation Bonds	\$34,355,000	\$ 9,890,000	(\$11,055,000)	\$33,190,000	1,485,000
Other Postemployment Benefits	5,570,531	-	( 1,270,331)	4,300,200	-
Net Pension Liability	35,821,775	-	( 6,218,987)	29,602,788	-
Accrued Vacation and Sick Leave	1,123,208	-	( 362,222)	760,986	-
Lease Liability	-	104,257	( 48,742)	55,515	55,515
Total Governmental Activities	\$76,870,514	\$ 9,994,257	(\$18,955,282)	\$67,909,489	\$1,540,515
<b><u>Business-Type Activities</u></b>					
Accrued Vacation and Sick Leave	\$ 22,957	\$ -	(\$ 4,161)	\$ 18,796	\$ -
Other Postemployment Benefits	142,834	-	( 32,572)	110,262	-
Net Pension Liability	918,507	-	( 159,461)	759,046	-
Total Business-Type Activities	\$ 1,084,298	\$ -	(\$ 196,194)	\$ 888,104	\$ -

**Note 8: Other Significant Commitments**

**Encumbrances**

Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General Fund	\$0
	-

**Note 9: Risk Management**

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

**Note 10: Interfund Receivables and Payables**

Interfund balances at June 30, 2022, consisted of the following.

**HUNTINGDON AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022  
(CONTINUED)**

**Note 10: Interfund Receivables and Payables** (Continued)

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Description</u>
General Fund	Cafeteria	\$113,411	Social security and retirement state reimbursement
Cafeteria	General	13,227	Accrued payroll and related taxes

Due to/from transactions are used for short-term interfund loans. The outstanding balances for the food service and agency funds are the result of a time lag between the date the expenditure was incurred and when the reimbursement was made.

**Note 11: Details of General Fund Local Revenues**

Public Utility Tax	\$ 12,573
Payment in Lieu of Taxes	12,870
Per Capita Tax	163,048
Earned Income Tax	2,906,562
Occupation Privilege Tax	42,060
Real Estate Transfer Tax	<u>483,631</u>
	<u>\$3,620,744</u>

**Note 12: Economic Dependency**

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

**Note 13: On-Behalf Payments**

The amount recognized from revenues and expenditures for on-behalf payments relative to social security and retirement for the year ended June 30, 2022 were \$471,500 and \$2,253,661, respectively.

**Note 14: Contingencies**

The School District participates in various federal and state grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the School District's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the School District anticipates such amounts, if any, will be immaterial.

**HUNTINGDON AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022  
(CONTINUED)**

**Note 15: Subsequent Events**

The Huntingdon Area School District evaluated subsequent events and transactions that occurred after the statement of net position date up to the date that the financial statements were issued. Management is currently evaluating the impact of the COVID-19 pandemic on the District and has concluded that while it is reasonably possible that the virus could have a negative impact on the District's financial position, results of its operations, the specific financial impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**Note 16: External Investment Pools**

The School District participates in (2) External Investment Pools - the Pennsylvania School District Liquid Asset Fund (PSDLAF) and the Pennsylvania Local Government Investment Trust (PLGIT).

PSDLAF's and PLGIT's financial statements are available on their respective websites, [www.psdlaf.org](http://www.psdlaf.org) and [www.plgit.com](http://www.plgit.com).

Per PSDLAF's latest available financial statements (September 30, 2018), all investments consist solely of instruments permitted pursuant to Section 440.1 of the School Code. In addition, all cash was fully collateralized by an irrevocable letter of credit from the Federal Home Loan Bank of Pittsburgh. Portfolio securities are valued at amortized cost, which approximates market value. Per PLGIT's latest financial statements (December 31, 2018), all investments consist only of securities which are permitted under Pennsylvania law for borough's, towns, townships, counties, cities, school districts, and authorities of the Commonwealth of Pennsylvania. Portfolio securities are valued at amortized costs, which approximates fair value.



**HUNTINGDON AREA SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION (RSI)  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2022**

	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual (Budgetary Basis)</b>	<b>Variance w/ Final Budget Positive (Negative)</b>
<b><u>Revenues</u></b>				
Local Sources	\$14,385,965	\$14,385,965	\$14,485,063	\$ 99,098
State Sources	16,030,097	16,030,097	15,841,965	( 188,132)
Federal Sources	<u>2,266,820</u>	<u>2,266,820</u>	<u>2,420,356</u>	<u>153,536</u>
Total Revenues	<u>\$32,682,882</u>	<u>\$32,682,882</u>	<u>\$32,747,384</u>	<u>\$ 64,502</u>
<b><u>Expenditures</u></b>				
Regular Programs	\$11,668,650	\$11,668,650	\$12,198,488	(\$ 529,838)
Special Programs	6,284,394	6,284,394	6,331,728	( 47,334)
Vocational Programs	1,029,753	1,029,753	1,009,778	19,975
Other Instructional Programs	896,570	896,570	545,240	351,330
Pupil Personnel Services	1,350,838	1,350,838	809,064	541,774
Instructional Staff Services	1,299,487	1,299,487	2,459,746	( 1,160,259)
Administrative Services	2,045,368	2,055,406	2,111,307	( 55,901)
Pupil Health	347,644	347,644	290,575	57,069
Business Services	487,606	477,568	384,985	92,583
Operation and Maintenance of Plant Services	2,604,836	2,604,836	2,523,518	81,318
Student Transportation Services	2,150,700	2,150,700	2,254,602	( 103,902)
Central and Other Support Services	25,849	25,849	17,263	8,586
Student Activities/Athletics	630,931	630,931	569,207	61,724
Debt Service	<u>2,475,546</u>	<u>2,475,546</u>	<u>2,380,630</u>	<u>94,916</u>
Total Expenditures	<u>\$33,298,172</u>	<u>\$33,298,172</u>	<u>\$33,886,131</u>	<u>(\$ 587,959)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(\$ 615,290)</u>	<u>(\$ 615,290)</u>	<u>(\$ 1,138,747)</u>	<u>(\$ 523,457)</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Payment to Bond Refunding Escrow Account	\$ -	\$ -	(\$ 9,792,320)	(\$ 9,792,320)
Proceeds from Refunding of Bonds	-	-	9,890,000	9,890,000
Bond Premiums	-	-	115,677	115,677
Lease Proceeds	-	-	104,258	104,258
Operating Transfers Out	( 275,000)	( 275,000)	-	275,000
Budgetary Reserve	<u>( 256,879)</u>	<u>( 256,879)</u>	<u>-</u>	<u>256,879</u>
Total Other Financing Sources (Uses)	<u>(\$ 531,879)</u>	<u>(\$ 531,879)</u>	<u>\$ 317,615</u>	<u>\$ 849,494</u>
Net Change in Fund Balances	<u>(\$ 1,147,169)</u>	<u>(\$ 1,147,169)</u>	<u>(\$ 821,132)</u>	<u>\$ 326,037</u>
<b><u>Fund Balances</u></b> - July 1, 2021	<u>885,779</u>	<u>885,779</u>	<u>3,648,775</u>	<u>2,762,996</u>
<b><u>Fund Balances</u></b> - June 30, 2022	<u>(\$ 261,390)</u>	<u>(\$ 261,390)</u>	<u>\$ 2,827,643</u>	<u>\$ 3,089,033</u>

**HUNTINGDON AREA SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (RSI)  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
JUNE 30, 2022**

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

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

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

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

The board of directors may make transfers of funds appropriated to any particular item of expenditure by legislative action. An affirmative vote of two thirds of all members of the board is required.

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

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

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

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during the fiscal year 2022.

Within the general fund, the regular programs, special programs, instructional staff programs, administrative services, and student transportation services functions were over expended.

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

	<b>As of June 30, 2021 Measurement Date</b>
District's Proportion of the Collective Net Pension Liability	.0840%
District's Proportionate Share of the Collective Net Pension Liability	\$34,406,000
	<hr/>
District's Covered Employee Payroll	\$11,910,658
	<hr/>
District's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered Employee Payroll	288.87%
PSERS' Fiduciary Net Position as a Percentage of the Total Pension Liability	63.67%
	 <b>As of June 30, 2020 Measurement Date</b>
District's Proportion of the Collective Net Pension Liability	.0827%
District's Proportionate Share of the Collective Net Pension Liability	\$40,721,000
	<hr/>
District's Covered Employee Payroll	\$11,628,742
	<hr/>
District's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered Employee Payroll	350.18%
PSERS' Fiduciary Net Position as a Percentage of the Total Pension Liability	54.32%
	 <b>As of June 30, 2019 Measurement Date</b>
District's Proportion of the Collective Net Pension Liability	.0822%
District's Proportionate Share of the Collective Net Pension Liability	\$38,455,000
	<hr/>
District's Covered Employee Payroll	\$11,335,049
	<hr/>
District's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered Employee Payroll	339.26%
PSERS' Fiduciary Net Position as a Percentage of the Total Pension Liability	55.66%

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

	<b>As of June 30, 2018 Measurement Date</b>
District's Proportion of the Collective Net Pension Liability	.0834%
District's Proportionate Share of the Collective Net Pension Liability	\$40,036,000
District's Covered Employee Payroll	\$11,235,703
District's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered Employee Payroll	356.33%
PSERS' Fiduciary Net Position as a Percentage of the Total Pension Liability	54.00%
	<b>As of June 30, 2017 Measurement Date</b>
District's Proportion of the Collective Net Pension Liability	.0842%
District's Proportionate Share of the Collective Net Pension Liability	\$41,585,000
District's Covered Employee Payroll	\$11,206,060
District's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered Employee Payroll	371.09%
PSERS' Fiduciary Net Position as a Percentage of the Total Pension Liability	51.84%
	<b>As of June 30, 2016 Measurement Date</b>
District's Proportion of the Collective Net Pension Liability	.0856%
District's Proportionate Share of the Collective Net Pension Liability	\$42,421,000
District's Covered Employee Payroll	\$11,086,783
District's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered Employee Payroll	382.63%
PSERS' Fiduciary Net Position as a Percentage of the Total Pension Liability	50.10%

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

	<b>As of</b> <b>June 30, 2015</b> <b>Measurement</b> <b><u>Date</u></b>
District's Proportion of the Collective Net Pension Liability	.0826%
District's Proportionate Share of the Collective Net Pension Liability	\$35,778,000
	<hr/>
District's Covered Employee Payroll	\$10,632,429
	<hr/>
District's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered Employee Payroll	336.50%
PSERS' Fiduciary Net Position as a Percentage of the Total Pension Liability	54.36%



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

	<b><u>For the Year Ended June 30, 2021</u></b>
Contractually Required Employer Contribution	\$ 3,982,577
Contributions in Relation to the Contractually Required Contribution	<u>3,985,577</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>
 District's Covered Employee Payroll	 <u>\$11,910,658</u>
 Employer's Contributions in Relation to the Contractually Required Contribution as a Percentage of Covered Employee Payroll	  33.44%
	 <b><u>For the Year Ended June 30, 2020</u></b>
Contractually Required Employer Contribution	\$ 3,863,883
Contributions in Relation to the Contractually Required Contribution	<u>3,863,883</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>
 District's Covered Employee Payroll	 <u>\$11,628,742</u>
 Employer's Contributions in Relation to the Contractually Required Contribution as a Percentage of Covered Employee Payroll	  33.23%
	 <b><u>For the Year Ended June 30, 2019</u></b>
Contractually Required Employer Contribution	\$ 3,682,550
Contributions in Relation to the Contractually Required Contribution	<u>3,682,550</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>
 District's Covered Employee Payroll	 <u>\$11,327,523</u>
 Employer's Contributions in Relation to the Contractually Required Contribution as a Percentage of Covered Employee Payroll	  32.60%

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

	<b><u>For the Year Ended June 30, 2018</u></b>
Contractually Required Employer Contribution	\$ 3,504,635
Contributions in Relation to the Contractually Required Contribution	<u>3,504,635</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>
District's Covered Employee Payroll	<u>\$11,253,368</u>
Employer's Contributions in Relation to the Contractually Required Contribution as a Percentage of Covered Employee Payroll	31.74%
	<b><u>For the Year Ended June 30, 2017</u></b>
Contractually Required Employer Contribution	\$ 3,249,196
Contributions in Relation to the Contractually Required Contribution	<u>3,249,196</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>
District's Covered Employee Payroll	<u>\$11,086,783</u>
Employer's Contributions in Relation to the Contractually Required Contribution as a Percentage of Covered Employee Payroll	29.3%
	<b><u>For the Year Ended June 30, 2016</u></b>
Contractually Required Employer Contribution	\$ 2,840,796
Contributions in Relation to the Contractually Required Contribution	<u>2,840,796</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>
District's Covered Employee Payroll	<u>\$11,045,969</u>
Employer's Contributions in Relation to the Contractually Required Contribution as a Percentage of Covered Employee Payroll	25.72%

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

***Changes in Benefit Terms***

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

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

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

Salary growth changed from an effective average of 5.00%, which was comprised of inflation of 2.75%, real wage growth and for merit or seniority increases of 2.25%, to an effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.

Mortality rates were modified from the RP-2014 Mortality Tables for Males and Females to a blended table based on 50% PubT-2010 Employee (Total Teacher dataset) and 50% PubG-2010 (Total General Employees data), adjusted to reflect PSERS' experience and projected using a modified version MP-2020.

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

***Changes in Assumptions Used in Measurement of the Total Pension Liability Beginning June 30, 2017, Beginning June 30, 2018, Beginning June 30, 2019, and Beginning June 30, 2020***  
None.

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

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

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

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

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

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

The actuarially determined contributions are calculated as of the June 30 preceding the fiscal year in which contributions are made. That is, the contribution calculated as of the June 30, 2020 actuarial valuation will be made during the fiscal year ending June 30, 2022. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

- Investment return - 7.25%, includes inflation at 2.50% and the real rate of return 4.50%.
- Salary growth - Effective average of 5.00%, which reflects an allowance for inflation of 2.75%, real wage growth and merit or seniority of 2.25%.
- Benefit payments - no postretirement benefit increases assumed in the future.
- Mortality rates were 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.

***10-Year Reporting Requirements***

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

***The Accounting Valuation***

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

**HUNTINGDON AREA SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
DEFINED BENEFIT OPEB PLAN INFORMATION - SINGLE EMPLOYER  
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS**

	<b><u>As of and for the Year Ended June 30, 2022</u></b>
<b><u>Total OPEB Liability</u></b>	
Service Cost	\$ 150,458
Interest	140,496
Differences between Expected and Actual Experience	( 1,563,452)
Change in Assumptions	( 81,152)
Benefit Payments	( 166,605)
Net Change in Total Pension Liability	(\$1,502,255)
<b><u>Total OPEB Liability</u></b> - Beginning	4,022,251
<b><u>Total OPEB Liability</u></b> - Ending	\$2,501,996
	<hr/>
<b><u>Plan's Fiduciary Net Position</u></b>	
Net Change in Plan's Fiduciary Net Position	\$ 0
<b><u>Plan's Fiduciary Net Position</u></b> - Beginning	0
<b><u>Plan's Fiduciary Net Position</u></b> - Ending	\$ 0
	<hr/>
<b><u>School District's Net OPEB Liability</u></b> - Ending	\$2,501,996
	<hr/>
Plan's Fiduciary Net Position as a Percentage of Total OPEB Liability	0%
Estimated Covered Employee Payroll	\$11,543,49
	<hr/>
Net OPEB Liability as a Percentage of Covered Employee Payroll	21.67%



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

	<u>As of and for the Year Ended June 30, 2021</u>
<b><u>Total OPEB Liability</u></b>	
Service Cost	\$ 161,277
Interest	135,737
Benefit Payments	( 144,675)
Net Change in Total Pension Liability	\$ 152,339
<b><u>Total OPEB Liability</u></b> - Beginning	<u>3,869,912</u>
<b><u>Total OPEB Liability</u></b> - Ending	<u>\$4,022,251</u>
 <b><u>Plan's Fiduciary Net Position</u></b>	
Net Change in Plan's Fiduciary Net Position	\$ 0
<b><u>Plan's Fiduciary Net Position</u></b> - Beginning	<u>0</u>
<b><u>Plan's Fiduciary Net Position</u></b> - Ending	<u>\$ 0</u>
 <b><u>School District's Net OPEB Liability</u></b> - Ending	<u>\$4,022,251</u>
 Plan's Fiduciary Net Position as a Percentage of Total OPEB Liability	 0%
 Estimated Covered Employee Payroll	 <u>\$10,304,660</u>
 Net OPEB Liability as a Percentage of Covered Employee Payroll	 39.03%

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

	<b><u>As of and for the Year Ended June 30, 2020</u></b>
<b><u>Total OPEB Liability</u></b>	
Service Cost	\$ 168,352
Interest	120,961
Benefit Payments	( 297,185)
Change in Assumption	( 101,726)
Difference in Experience	( 116,952)
Net Change in Total Pension Liability	(\$ 226,550)
<b><u>Total OPEB Liability</u></b> - Beginning	<u>4,096,462</u>
<b><u>Total OPEB Liability</u></b> - Ending	<u>\$3,869,912</u>
 <b><u>Plan's Fiduciary Net Position</u></b>	
Net Change in Plan's Fiduciary Net Position	\$ 0
<b><u>Plan's Fiduciary Net Position</u></b> - Beginning	<u>0</u>
<b><u>Plan's Fiduciary Net Position</u></b> - Ending	<u>\$ 0</u>
 <b><u>School District's Net OPEB Liability</u></b> - Ending	<u>\$3,869,912</u>
 Plan's Fiduciary Net Position as a Percentage of Total OPEB Liability	 0%
 Estimated Covered Employee Payroll	 <u>\$10,053,327</u>
 Net OPEB Liability as a Percentage of Covered Employee Payroll	 38.49%

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

	<b>As of and for the Year Ended June 30, 2019</b>
<b><u>Total OPEB Liability</u></b>	
Service Cost	\$ 175,120
Interest	121,085
Benefit Payments	( 296,701)
Change in Assumption	0
Difference in Experience	<u>0</u>
Net Change in Total Pension Liability	(\$ 496)
<b><u>Total OPEB Liability</u></b> - Beginning	<u>4,096,958</u>
<b><u>Total OPEB Liability</u></b> - Ending	<u>\$4,096,462</u>
 <b><u>Plan's Fiduciary Net Position</u></b>	
Net Change in Plan's Fiduciary Net Position	\$ 0
<b><u>Plan's Fiduciary Net Position</u></b> - Beginning	<u>0</u>
<b><u>Plan's Fiduciary Net Position</u></b> - Ending	<u>\$ 0</u>
 <b><u>School District's Net OPEB Liability</u></b> - Ending	<u>\$4,096,462</u>
 Plan's Fiduciary Net Position as a Percentage of Total OPEB Liability	 0%
 Estimated Covered Employee Payroll	 <u>\$10,245,117</u>
 Net OPEB Liability as a Percentage of Covered Employee Payroll	 39.98%

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

	<b><u>As of and for the Year Ended June 30, 2018</u></b>
<b><u>Total OPEB Liability</u></b>	
Service Cost	\$ 81,891
Interest	75,694
Benefit Payments	( 215,906)
Change in Assumption	2,196,779
Difference in Experience	<u>40,087</u>
Net Change in Total Pension Liability	\$2,178,545
<b><u>Total OPEB Liability</u></b> - Beginning	<u>1,918,413</u>
<b><u>Total OPEB Liability</u></b> - Ending	<u>\$4,096,958</u>
 <b><u>Plan's Fiduciary Net Position</u></b>	
Net Change in Plan's Fiduciary Net Position	\$ 0
<b><u>Plan's Fiduciary Net Position</u></b> - Beginning	<u>0</u>
<b><u>Plan's Fiduciary Net Position</u></b> - Ending	<u>\$ 0</u>
 <b><u>School District's Net OPEB Liability</u></b> - Ending	<u>\$4,096,958</u>
 Plan's Fiduciary Net Position as a Percentage of Total OPEB Liability	 0%
 Estimated Covered Employee Payroll	 <u>\$11,086,783</u>
 Net OPEB Liability as a Percentage of Covered Employee Payroll	 36.95%

**HUNTINGDON AREA SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
DEFINED BENEFIT OPEB PLAN INFORMATION - SINGLE EMPLOYER  
SCHEDULES OF EMPLOYER CONTRIBUTIONS AND INVESTMENT RETURNS**

**Fiscal Year Ending  
June 30, 2022**

**Schedule of Contributions**

Actuarially Determined Contribution  
District Contribution

N/A  
N/A

Contribution Deficiency

N/A

Covered Employee Payroll

\$11,543,409

Contribution as a Percentage of Covered Employee Payroll

N/A

**Schedule of Investment Returns**

Annual Money-Weighted Rate of Return, Net of Investment Expense

N/A

**Fiscal Year Ending  
June 30, 2021**

**Schedule of Contributions**

Actuarially Determined Contribution  
District Contribution

N/A  
N/A

Contribution Deficiency

N/A

Covered Employee Payroll

\$10,304,660

Contribution as a Percentage of Covered Employee Payroll

N/A

**Schedule of Investment Returns**

Annual Money-Weighted Rate of Return, Net of Investment Expense

N/A

**Fiscal Year Ending  
June 30, 2020**

**Schedule of Contributions**

Actuarially Determined Contribution  
District Contribution

N/A  
N/A

Contribution Deficiency

N/A

Covered Employee Payroll

\$10,053,327

Contribution as a Percentage of Covered Employee Payroll

N/A

**Schedule of Investment Returns**

Annual Money-Weighted Rate of Return, Net of Investment Expense

N/A





**HUNTINGDON AREA SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
DEFINED BENEFIT OPEB PLAN INFORMATION - SINGLE EMPLOYER  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**Changes of Assumptions**

The discount rate changed from 3.50 to 2.28%. The trend and spouse age assumptions were updated. Assumptions for salary, mortality, withdrawal, and retirement were updated based on PSERS assumptions.

**Changes of Benefit Terms**

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

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

**HUNTINGDON AREA SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
DEFINED BENEFIT OPEB PLAN INFORMATION  
COST SHARING PLAN  
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

	<b><u>Fiscal Year Ending June 30, 2021</u></b>
Contractually Required Contributions	\$ 98,000
Contributions in Relation to the Contractually Required Contribution	( <u>98,000</u> )
Contribution Deficiency (Excess)	\$ 0
	<hr/>
School District's Covered Employee Payroll	\$11,910,658
	<hr/>
Contributions as a Percentage of Covered Employee Payroll	.83%

	<b><u>Fiscal Year Ending June 30, 2020</u></b>
Contractually Required Contributions	\$ 97,000
Contributions in Relation to the Contractually Required Contribution	( <u>97,000</u> )
Contribution Deficiency (Excess)	\$ 0
	<hr/>
School District's Covered Employee Payroll	\$11,628,742
	<hr/>
Contributions as a Percentage of Covered Employee Payroll	.83%

**HUNTINGDON AREA SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
DEFINED BENEFIT OPEB PLAN INFORMATION  
COST SHARING PLAN  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
(CONTINUED)**

	<b>Fiscal Year Ending <u>June 30, 2019</u></b>
Contractually Required Contributions	\$ 94,424
Contributions in Relation to the Contractually Required Contribution	( 94,424)
Contribution Deficiency (Excess)	\$ 0
	<hr/>
School District's Covered Employee Payroll	\$11,327,523
	<hr/>
Contributions as a Percentage of Covered Employee Payroll	.83%

	<b>Fiscal Year Ending <u>June 30, 2018</u></b>
Contractually Required Contributions	\$ 93,000
Contributions in Relation to the Contractually Required Contribution	( 93,000)
Contribution Deficiency (Excess)	\$ 0
	<hr/>
School District's Covered Employee Payroll	\$11,206,060
	<hr/>
Contributions as a Percentage of Covered Employee Payroll	.83%

**HUNTINGDON AREA SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
DEFINED BENEFIT OPEB PLAN INFORMATION  
COST SHARING PLAN  
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE  
SHARE OF THE NET OPEB LIABILITY**

	<b><u>Fiscal Year Ending June 30, 2021</u></b>
School District's Proportion of the Net OPEB Liability	.0840%
School District's Proportionate Share of the Net OPEB Liability	\$1,991,000
School District's Covered Employee Payroll	\$11,910,658
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Employee Payroll	16.72%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	5.30%
	<b><u>Fiscal Year Ending June 30, 2020</u></b>
School District's Proportion of the Net OPEB Liability	.0827%
School District's Proportionate Share of the Net OPEB Liability	\$1,749,000
School District's Covered Employee Payroll	\$11,628,742
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Employee Payroll	15.04%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	5.69%
	<b><u>Fiscal Year Ending June 30, 2019</u></b>
School District's Proportion of the Net OPEB Liability	.0822%
School District's Proportionate Share of the Net OPEB Liability	\$1,748,000
School District's Covered Employee Payroll	\$11,335,049
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Employee Payroll	15.42%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	5.56%



**HUNTINGDON AREA SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
DEFINED BENEFIT OPEB PLAN INFORMATION  
COST SHARING PLAN  
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE  
SHARE OF THE NET OPEB LIABILITY  
(CONTINUED)**

	<b><u>Fiscal Year Ending June 30, 2018</u></b>
School District's Proportion of the Net OPEB Liability	.0834%
School District's Proportionate Share of the Net OPEB Liability	\$1,739,000
School District's Covered Employee Payroll	\$11,235,703
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Employee Payroll	15.48%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	5.56%
	<b><u>Fiscal Year Ending June 30, 2017</u></b>
School District's Proportion of the Net OPEB Liability	.0842%
School District's Proportionate Share of the Net OPEB Liability	\$1,716,000
School District's Covered Employee Payroll	\$11,206,060
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Employee Payroll	15.30%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	5.73%

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

***Changes in Benefit Terms***

None.

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

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

Salary growth changed from an effective average of 5.00%, which was comprised of inflation of 2.75%, real wage growth and for merit or seniority increases of 2.25%, to an effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.

Mortality rates were modified from the RP-2014 Mortality Tables for Males and Females to a blended table based on 50% PubT-2010 Employee (Total Teacher dataset) and 50% PubG-2010 (Total General Employees data), adjusted to reflect PSERS' experience and projected using a modified version MP-2020.

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

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

The Discount Rate decreased from 2.79% to 2.66%.

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

The Discount Rate decreased from 2.98% to 2.79%.

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

The Discount Rate decreased from 3.13% to 2.98%.

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

The Discount Rate increased from 2.71% to 3.13%.

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

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

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

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

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

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

The actuarially determined contributions are calculated as of the June 30 preceding the fiscal year in which contributions are made. That is, the contribution calculated as of the June 30, 2020 actuarial valuation will be made during the fiscal year ending June 30, 2022. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

- Investment return - 2.18% - 20 year S&P Municipal Bond Rate.
- Salary growth - Effective average of 5.00%, which reflects an allowance for inflation of 2.75%, real wage growth and merit or seniority of 2.25%.
- Benefit payments - no postretirement benefit increases assumed in the future.
- Mortality rates were 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.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.

***10-Year Reporting Requirements***

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

***The Accounting Valuation***

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

**HUNTINGDON AREA SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2022**

<u>Grantor Program Title</u>	<u>Source Code</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Grant Period</u>	<u>Program or Award Amount</u>	<u>Total Received For Year</u>	<u>Accrued or (Deferred) Revenue July 1, 2021</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued or (Deferred) Revenue June 30, 2022</u>
<b><u>U.S. Department of Education</u></b>										
(Passed Through Pennsylvania Department of Education)										
Title I - Grants to Local Education Agencies	I	84.010	013-21-0195	07/01/2020 - 09/30/2022	\$ 607,756	\$ 8,365	\$ 8,365	\$ -	\$ -	\$ -
Title I - Grants to Local Education Agencies	I	84.010	013-22-0195	07/01/2021 - 09/30/2023	<u>601,423</u>	<u>471,316</u>	<u>-</u>	<u>594,796</u>	<u>594,796</u>	<u>123,480</u>
Total Federal Assistance Listing #84.010					<u>\$ 1,209,179</u>	<u>\$ 479,681</u>	<u>\$ 8,365</u>	<u>\$ 594,796</u>	<u>\$ 594,796</u>	<u>\$ 123,480</u>
(Passed Through Pennsylvania Department of Education)										
Title II - Improving Teacher Quality State Grants	I	84.367	020-22-0195	07/01/2021 - 09/30/2022	<u>\$ 76,881</u>	<u>\$ 75,626</u>	<u>\$ -</u>	<u>\$ 76,881</u>	<u>\$ 76,881</u>	<u>\$ 1,255</u>
(Passed Through Pennsylvania Department of Education)										
Title IV, Part A	I	84.424	144-21-0195	07/01/2020 - 09/30/2022	\$ 46,625	\$ 6,217	\$ 7,294	\$ 5,123	\$ 5,123	\$ 6,200
Title IV, Part A	I	84.424	144-22-0195	07/01/2021 - 09/30/2022	<u>45,703</u>	<u>39,586</u>	<u>-</u>	<u>45,703</u>	<u>45,703</u>	<u>6,117</u>
Total Federal Assistance Listing #84.424					<u>\$ 92,328</u>	<u>\$ 45,803</u>	<u>\$ 7,294</u>	<u>\$ 50,826</u>	<u>\$ 50,826</u>	<u>\$ 12,317</u>
<b><u>Education Stabilization Fund</u></b>										
(Passed Through Pennsylvania Department of Education)										
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER)	I	COVID-19 - 84.425D	200-21-0195	03/13/2020 - 09/30/2023	<u>\$ 2,244,252</u>	<u>\$1,096,063</u>	<u>\$574,429</u>	<u>\$ 303,870</u>	<u>\$ 303,870</u>	<u>(\$ 217,764)</u>
(Passed Through Pennsylvania Department of Education)										
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	I	COVID-19 - 84.425U	223-21-0195	03/13/2020 - 09/30/2024	<u>\$ 4,539,472</u>	<u>\$ 247,608</u>	<u>\$ -</u>	<u>\$ 737,335</u>	<u>\$ 737,335</u>	<u>\$ 489,727</u>
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) - Learning Loss	I	COVID-19 - 84.425U	225-21-0195	03/13/2020 - 09/30/2024	<u>252,013</u>	<u>18,328</u>	<u>-</u>	<u>34,650</u>	<u>34,650</u>	<u>16,322</u>

**HUNTINGDON AREA SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2022  
(CONTINUED)**

<u>Grantor Program Title</u>	<u>Source Code</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Grant Period</u>	<u>Program or Award Amount</u>	<u>Total Received For Year</u>	<u>Accrued or (Deferred) Revenue July 1, 2021</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued or (Deferred) Revenue June 30, 2022</u>
<b>U.S. Department of Education (Continued)</b>										
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) - Summer Learning	I	COVID-19 - 84.425U	225-21-0195	03/13/2020 - 09/30/2024	\$ 50,403	\$ 3,666	\$ -	\$ -	\$ -	(\$ 3,666)
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) - After School	I	COVID-19 - 84.425U	225-21-0195	03/13/2020 - 09/30/2024	50,403	3,666	-	-	-	( 3,666)
Total Federal Assistance Listing #84.425U					\$ 4,892,291	\$ 273,268	\$ -	\$ 771,985	\$ 771,985	\$ 498,717
Total Education Stabilization Fund #84.425					\$ 7,136,543	\$1,369,331	\$574,429	\$1,075,855	\$1,075,855	\$ 280,953
<b>Special Education Cluster (IDEA)</b> (Passed Through Pennsylvania Department of Education, Intermediate Unit 11, and Intermediate Unit 13)										
Special Education - Grants to States	I	84.027	062-22-0011	07/01/2021 - 09/30/2022	\$ 403,623	\$ -	\$ -	\$ 403,623	\$ 403,623	\$ 403,623
Special Education - Grants to States	I	84.027X	062-22-0011	07/01/2021 - 09/30/2022	92,279	-	-	92,279	92,279	92,279
Special Education - Grants to States	I	84.027X	062-22-0033	07/01/2021 - 09/30/2022	30,000	=	-	30,000	30,000	30,000
COVID-19 - Special Education - Grants to States	I	COVID-19 - 84.027	252-20-0195	07/01/2020 - 09/30/2022	16,174	1,078	( 5,391)	16,174	16,174	9,705
Total Federal Assistance Listing #84.027					\$ 542,076	\$ 1,078	(\$ 5,391)	\$ 542,076	\$ 542,076	\$ 535,607
Special Education - Preschool Grants	I	84.173	H173A210090	07/01/2020 - 06/30/2021	\$ 5,376	\$ -	\$ 5,376	\$ -	\$ -	\$ 5,376
Special Education - Preschool Grants	I	84.173	H173A220090	07/01/2021 - 06/30/2022	6,180	-	-	6,180	6,180	6,180
Total Federal Assistance Listing #84.173					\$ 11,556	\$ -	\$ 5,376	\$ 6,180	\$ 6,180	\$ 11,556
Total Special Education Cluster (IDEA)					\$ 553,632	\$ 1,078	(\$ 15)	\$ 548,256	\$ 548,256	\$ 547,163
Total U.S. Department of Education					\$ 9,068,563	\$1,971,519	\$590,073	\$2,346,614	\$2,346,614	\$ 965,168



**HUNTINGDON AREA SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2022  
(CONTINUED)**

<u>Grantor Program Title</u>	<u>Source Code</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Grant Period</u>	<u>Program or Award Amount</u>	<u>Total Received For Year</u>	<u>Accrued or (Deferred) Revenue July 1, 2021</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued or (Deferred) Revenue June 30, 2022</u>
<b><u>U.S. Department of Agriculture</u></b> (Passed Through Pennsylvania Department of Education and Pennsylvania Department of Agriculture)										
<b><u>Child Nutrition Cluster</u></b>										
National School Lunch Program -Donated Foods	I	10.555	N/A	07/01/2021 - 06/30/2022	\$ 51,018	\$ 51,218	(\$ 5,377)	\$ 51,018	\$ 51,018	(\$ 5,577)
National School Lunch Program	I	10.555	N/A	07/01/2021 - 06/30/2022	888,671	879,770	-	888,671	888,671	8,901
COVID-19 - SNP Emergency Operating Costs	I	COVID-19-10.555	N/A	07/01/2021 - 06/30/2022	12,116	12,116	-	12,116	12,116	-
COVID-19 - Supply Chain Assistance	I	COVID-19-10.555	N/A	07/01/2021 - 06/30/2022	40,502	40,502	-	1,708	1,708	( 38,794)
Total Federal Assistance Listing #10.555					\$ 992,307	\$ 983,606	(\$ 5,377)	\$ 953,513	\$ 953,513	(\$ 35,470)
School Breakfast Program	I	10.553	N/A	07/01/2021 - 06/30/2022	\$ 303,792	\$ 299,220	\$ -	\$ 303,792	\$ 303,792	\$ 4,572
Summer Food Service Program for Children	I	10.559	N/A	07/01/2020 - 06/30/2021	\$ 48,568	\$ 48,568	\$ 48,568	\$ -	\$ -	\$ -
Total Child Nutrition Cluster					\$ 1,344,667	\$1,331,394	\$ 43,191	\$1,257,305	\$1,257,305	(\$ 30,898)
COVID-19 State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Cost Grants	I	COVID-19-10.649	N/A	07/01/2021 - 06/30/2022	\$ 614	\$ 614	\$ -	\$ 614	\$ 614	\$ -
Total U.S. Department of Agriculture					\$ 1,345,281	\$1,332,008	\$ 43,191	\$1,257,919	\$1,257,919	(\$ 30,898)
<b><u>U.S. Department of Health and Human Services</u></b> (Passed Through Pennsylvania Department of Health and Human Services)										
<b><u>Medicaid Cluster</u></b>										
Medical Assistance Program	I	93.778	N/A	07/01/2020 - 06/30/2021	\$ 93,797	\$ -	\$ 93,797	\$ -	\$ -	\$ 93,797
Medical Assistance Program	I	93.778	N/A	07/01/2021 - 06/30/2022	18,168	-	-	18,168	18,168	-
Total U.S. Department of Health and Human Services					\$ 111,965	\$ -	\$ 93,797	\$ 18,168	\$ 18,168	\$ 93,797

**HUNTINGDON AREA SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2022  
(CONTINUED)**

<u>Grantor Program Title</u>	<u>Source Code</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Grant Period</u>	<u>Program or Award Amount</u>	<u>Total Received For Year</u>	<u>Accrued or (Deferred) Revenue July 1, 2021</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued or (Deferred) Revenue June 30, 2022</u>
<b>Federal Communication Commission</b> COVID-19 - Emergency Connectivity Fund Program	D	COVID-19-32009	125603	07/01/2021 - 06/30/2022	\$ 495,376	\$ -	\$ -	\$ 495,376	\$ 495,376	\$ 495,376
Total Federal Awards					<u>\$11,021,185</u>	<u>\$3,303,527</u>	<u>\$727,061</u>	<u>\$4,118,077</u>	<u>\$4,118,077</u>	<u>\$1,523,443</u>

**SOURCE CODE**

D - Direct Funding  
I - Indirect Funding

**FOOTNOTES**

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

**HUNTINGDON AREA SCHOOL DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2022**

**Note 1: Basis of Accounting**

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

**Note 2: Summary of Significant Accounting Policies**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the uniform guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Huntingdon Area School District has elected to not use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 3: Major Federal Programs**

An extensive compliance test, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) was performed on the Education Stabilization Fund and Emergency Connectivity Fund programs which represent 38.15% of the total expenditures reflected on the Schedule of Expenditures of Federal Awards.

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

<u>Project Title</u>	<u>Federal Assistance Listing #</u>	<u>Expenditures</u>
Title I	84.010	\$ 594,796
Title II	84.367	76,881
Title IV	84.424	50,826
Education Stabilization Fund (Selected for Test)	84.425	1,075,855
Special Education Cluster:		
Special Education - Grants to States	84.027	542,076
Special Education - Preschool Grants	84.173	6,180
Child Nutrition Cluster:		
National School Lunch Program	10.555	953,513
School Breakfast Program	10.553	303,792
State Pandemic Electronic Benefit Transfer	10.649	614
Medical Assistance Program	93.778	18,168
Emergency Connectivity Fund (Selected for Test)	32.009	<u>495,376</u>
Total Expenditures		\$4,118,077
		x 20%
Minimum Amount Which Must Be Tested		<u>\$ 823,615</u>

The Education Stabilization Fund and Emergency Connectivity Fund programs exceed \$823,615, and, therefore, represent the only programs to which the specific compliance requirements must be applied.

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

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



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

The Board of Directors  
Huntingdon Area School District  
2400 Cassady Avenue, Suite 2  
Huntingdon, Pennsylvania 16652

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Huntingdon Area School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Huntingdon Area School District's basic financial statements, and have issued our report thereon dated February 21, 2023.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identified certain deficiencies in internal control described in the accompanying schedule of findings as Items 2022-001 and 2022-002 that we consider to be significant deficiencies.

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

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



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

The Board of Directors  
Huntingdon Area School District  
2400 Cassady Avenue, Suite 2  
Huntingdon, Pennsylvania 16652

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

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

We have audited the Huntingdon Area School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Huntingdon Area School District's major federal programs for the year ended June 30, 2022. The Huntingdon Area School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Huntingdon Area School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

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

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

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

***Responsibilities of Management for Compliance***

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

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

***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

**Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

*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*



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

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

*compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Item 2022-003 to be a significant deficiency.

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Huntingdon Area School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Huntingdon Area School District's basic financial statements. We issued our report thereon dated February 21, 2023, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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

**HUNTINGDON AREA SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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

**Financial Statements**

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

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? Yes

Noncompliance material to financial statements noted? No

**Federal Awards**

Internal control over major Federal program:

Material weakness(es) identified? No

Significant deficiency(ies) identified? Yes

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

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

Identification of major Federal program:

CFDA Number(s):

84.425

32.009

Name of Federal Program or Cluster:  
Education Stabilization Fund  
Emergency Connectivity Fund

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

Auditee qualified as low risk auditee? Yes

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**Significant Deficiency in Internal Control**

**Finding 2022-001**

Fixed Asset Ledgers

**Condition**

The July 1, 2021 beginning balance amounts from the fixed asset ledgers did not agree to the prior year audit report showing June 30, 2021 fixed asset ending balances.

**HUNTINGDON AREA SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022  
(CONTINUED)**

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

**Significant Deficiency in Internal Control** (Continued)

**Criteria**

Generally accepted accounting principles dictate that the beginning fixed asset balances should agree to the prior year ending balances.

**Cause**

The fixed asset ledgers from Asset Control Solutions were not reconciled to the prior year's audit report to ensure that the fixed asset ledgers were accurate.

**Effect**

Amounts reported in the audited financial statements could be incorrect if the errors are not detected and corrected.

**Recommendation**

We recommend that on an annual basis, the fixed asset ledgers be reconciled to the underlying supporting documentation and for applicable amounts, to the prior year audit report. Any differences noted should be investigated and resolved.

**Auditee Response**

Management understands and concurs with the aforementioned findings. Processes and procedures will be developed and implemented to ensure that fixed asset ledgers are accurate.

**Finding 2022-002**

Accounts Payable

**Condition**

Preliminary June 30, 2022 accounts payable and related expenses were materially incomplete and therefore understated.

**Criteria**

Generally accepted accounting principles dictate that all expenses due and payable as of year end should be recorded as accounts payable.

**Cause**

A complete reconciliation of accounts payable and related expense accounts was not completed at year end.

**Effect**

Without an appropriate reconciliation of accounts payable and related expense accounts, the financial statements could be materially misstated.

**Recommendation**

We recommend that appropriate procedures and processes be implemented to ensure that accounts payable and related expenses are complete. We recommend that the district review activity after year end to determine if activity should be included as an accrual.



**HUNTINGDON AREA SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022  
(CONTINUED)**

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

**Significant Deficiency in Internal Control** (Continued)

**Auditee Response**

Management understands and concurs with the aforementioned findings. Processes and procedures will be developed and implemented to ensure that accounts payable and related expenses are complete at year end.

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

**Significant Deficiency in Internal Control Over Compliance**

**Finding 2022-003**

Procurement

**Condition**

The district did not adhere to the appropriate procurement methods for certain purchases.

**Criteria**

State and, therefore, federal regulations require that for purchases of \$21,900 or more, procurement should be made using the competitive sealed bids method.

**Cause**

For two purchases, the district obtained quotes instead of using the competitive sealed bids method.

**Effect**

Not using the appropriate procurement method, could lead to the district not obtaining the most advantageous prices for the purchase of goods or services.

**Recommendation**

We recommend that the district adhere to state and federal regulations.

**Auditee Response**

Management understands and concurs with the aforementioned findings. The Business Manager will provide updated procurement regulations to those responsible for making purchases. The Business Manager will implement processes to identify all purchases that would require specific procurement methods.

**HUNTINGDON AREA SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2022**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

There has been complete corrective action taken on the following prior year finding:

**Finding 2021-001**

Fixed Asset Additions

**Condition**

The fixed asset additions were substantially overstated in the fixed asset ledger during the June 30, 2021 fiscal year.

**Status**

There were no issues during the current year audit, and this is no longer a finding.