

UNION SCHOOL DISTRICT

FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

UNION SCHOOL DISTRICT

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June 30, 2024

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)
Required Supplementary Information (RSI)
June 30, 2024

The discussion and analysis of Union School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements, and financial statements to enhance their understanding of the District's financial performance.

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

SCHOOL DISTRICT HIGHLIGHTS

The Union School District is comprised of the municipalities of Rimersburg and Sligo, as well as, portions of Toby, Madison, and Piney Townships, Clarion County, Pennsylvania, and covers an area of approximately 76.8 square miles. The School District employs approximately 10 administrative staff, 50 professional staff, and 40 classified staff.

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

ACADEMIC DESCRIPTION

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

- Continued 1:1 technology initiative for grades K-12
- Partnered with Key Solutions to address our Special Education Department and programming to look for areas of improvement
- Continued a School-Wide Positive Behavior Interventions and Supports (SWPBIS) Program to initiate reward activities to incentivize positive behaviors
- Expanded and enhanced the use of the MTSS (Multi-Tiered System of Supports) as a standards-aligned, comprehensive school improvement framework to enhance academic, behavioral health and social-emotional learning outcomes for all students at the elementary level
- Continued the use of the CBM (Curriculum-Based Measurement) Module using a combination of the Renaissance Learning and IXL Learning programs to provide curriculum-based measures of reading and mathematics

- Purchased new math curriculum to improve district-wide student learning outcomes through guiding students towards proficiency by building on their previous understanding of mathematic concepts and addressing specific learning gaps within the student population: Go Math for grades Kindergarten through Grade 5, Get More Math for Grade 6, Intro Math for Grades 7 and 8, Algebra I, Algebra II, Reveal Geometry, and Glencoe PreCalculus

CAPITAL DESCRIPTION

The District completed several building and grounds improvements during the 2023-2024 school year.

- The final construction of the renovation project at Sligo Elementary School to upgrade facility conditions, enhance security and safety, and improve energy efficiency was concluded.
- The library at the Union High School was renovated into a multipurpose room that included an additional office, conference room, school board area, and internet café. The project included new flooring, furniture, and portable interactive display.
- Old flooring was replaced in the faculty room and a classroom at Union High School and a classroom and storage room at Sligo Elementary School.
- A new 2023 Ford F250 Truck, including snow plow and salt spreader, was purchased to replace the aging 2016 Ford F250 truck. The truck is used for maintenance purposes.
- The athletic running track at the Union High School was resurfaced to prolong the life of the existing track. The existing track was pressure washed and resurfaced with a textured structural polyurethane and rubber material to enhance longevity and rejuvenation. The existing track was installed in 2012.
- The parking lots at both, Sligo Elementary School and Union High School, were patched, crack-filled, seal coated, and line painted. The project was previously completed in 2019.
- A new phone system was purchased to replace the aging system at Sligo Elementary School. The new system implemented overhead paging and instant alerts during emergencies.

FINANCIAL HIGHLIGHTS

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

Actual general fund revenues in 2023-2024 were \$13,843,006. This exceeded budgeted revenues of \$13,204,912 by \$638,094. Actual general fund expenditures in 2023-2024 were \$13,595,952. This was less than budgeted expenditures of \$13,971,427 by \$375,475. Expenditures included a transfer to the capital projects fund of \$185,200 and bond principal and interest of \$667,160. Overall, general fund actual revenues exceeded general fund actual expenditures by \$247,054 for the year ended June 30, 2024.

General fund balance on June 30, 2023 was \$5,111,143. With the surplus in 2023-2024 of \$247,054, the District's general fund balance increased to \$5,358,197. The 2023-2024 surplus of \$247,054 was \$1,013,569 over the budgeted deficit of \$766,515. Of the \$5,111,143 general fund balance, \$32,000 is non-spendable, \$4,284,047 is committed, and the remaining unassigned fund balance at June 30, 2024 is \$1,042,150.

Capital Project fund balance on June 30, 2023 was \$358,781. With the deficit in 2023-2024 of \$229,271, the District's capital projects fund balance decreased to \$129,509.

The District's entity wide fund balance, which includes the general fund and the capital projects fund on June 30, 2023, was \$5,469,924. With the net surplus in 2023-2024 of \$17,783, the District's entity wide fund balance increased to \$5,487,707.

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

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

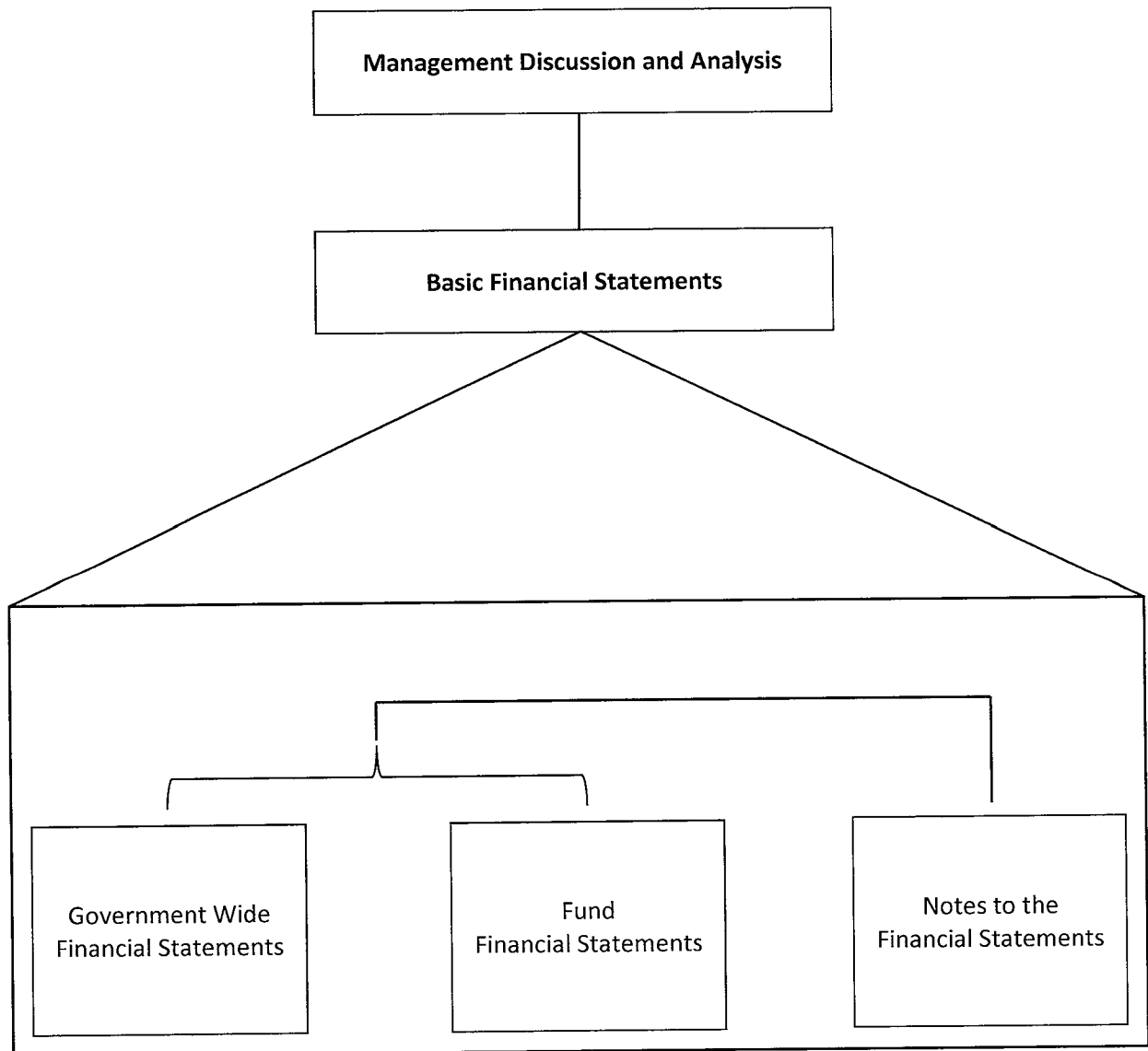


Chart A-2 summarizes the major features of the District's financial statements, including the portion of the District they cover and the types of information they contain. The remainder of this overview section of management discussion and analysis explains the structure and contents of each of the statements.

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

OVERVIEW OF FINANCIAL STATEMENTS

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District’s total liabilities and net position was (\$16,461,190) at June 30, 2023 and (\$15,559,522) at June 30, 2024.

TABLE A-1 ASSETS
FISCAL YEAR END JUNE 30, 2024

	Governmental Activities		Business-Type Activities		Totals	
	2023	2024	2023	2024	2023	2024
ASSETS						
Current and Other Assets	\$7,100,870	7,376,750	277,315	254,504	7,378,185	7,631,254
Capital Assets	3,632,446	3,633,540	17,006	15,204	3,649,452	3,648,744
TOTAL ASSETS	10,733,316	11,010,290	294,321	269,708	11,027,637	11,279,998
Deferred Outflows of Resources	548,000	706,000	0	0	548,000	706,000
TOTAL ASSETS & DEFERRED OUTFLOWS	11,281,316	11,716,290	294,321	269,708	11,575,637	11,985,998
LIABILITIES						
Current and other liabilities	2,033,787	2,295,081	164,329	179,079	2,198,116	2,474,160
Long-term liabilities	24,586,712	24,198,361	0	0	24,586,712	24,198,361
TOTAL LIABILITIES	26,620,499	26,493,442	164,329	179,079	26,784,828	26,672,521
Deferred Inflows of Resources	1,252,000	873,000	0	0	1,252,000	873,000
TOTAL LIABILITIES & DEFERRED INFLOWS	27,872,499	27,366,442	164,329	179,079	28,036,828	27,545,521
NET POSITION						
Capital assets net of related debt	(1,218,681)	(650,963)	17,006	15,204	(1,201,675)	(635,759)
Capital Projects	358,781	129,509	0	0	358,781	129,509
Other restrictions	4,851,127	4,284,047	162,249	172,803	5,013,376	4,456,850
Unrestricted	(20,582,410)	(19,412,744)	(49,262)	(97,378)	(20,631,672)	(19,510,122)
TOTAL NET POSITION	(16,591,183)	(15,650,151)	129,993	90,629	(16,461,190)	(15,559,522)

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

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

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

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

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

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

**TABLE A-2 GOVERNMENT ACTIVITIES
FISCAL YEAR END JUNE 30, 2024**

Functions	Programs	Budgeted	Actual	Variance
1100	Regular Programs	5,537,679.79	5,386,737.73	150,942.06
1200	Special Programs	1,618,493.00	1,978,580.88	(360,087.88)
1300	Vocational Programs	541,883.00	402,206.64	139,676.36
1400	Other Instructional Programs	2,238.00	16,192.68	(13,954.68)
1500	Nonpublic School Programs	1,500.00	51.17	1,448.83
2100	Pupil Personnel Services	654,314.00	633,194.31	21,119.69
2200	Support Staff Services	178,821.11	161,328.28	17,492.83
2300	Administrative Services	1,064,878.89	1,061,848.62	3,030.27
2400	Pupil Health	192,868.00	179,592.02	13,275.98
2500	Business Services	155,133.00	151,133.09	3,999.91
2600	Operational & Maintenance	1,494,779.00	1,309,761.11	185,017.89
2700	Transportation	768,802.00	771,197.66	(2,395.66)
2800	Central Support Services	346,569.21	295,772.67	50,796.54
2900	Other Support Services	4,306.00	4,337.00	(31.00)
3200	Student Activities	436,523.00	373,664.81	62,858.19
3300	Community Services	21,901.00	13,346.23	8,554.77
4200	Existing Site Improvement	0.00	4,646.95	(4,646.95)
4500	Building Acquisition	0.00	0.00	0.00
4600	Existing Building Improvement	0.00	0.00	0.00
5100	Debt Services	667,593.00	667,159.51	433.49
5200	Interfund Transfers	283,145.00	185,200.00	97,945.00
5900	Budgetary Reserve	0.00	0.00	0.00
	Total Expenditures	\$13,971,427.00	\$13,595,951.36	\$375,475.64

Table A-3 shows the comparison of revenues and expenditures for the 2022-2023 and 2023-2024 fiscal years.

**TABLE A-3
COMPARISON OF REVENUE AND EXPENDITURES
BY PERCENTAGE**

Revenues	2022-2023	2023-2024
Local	23%	23%
State	71%	72%
Federal	6%	5%
Other	0%	0%
TOTAL	100%	100%

Expenditures	2022-2023	2023-2024
Instruction	54%	58%
Support Services	31%	34%
Non-Instruction/Community	3%	3%
Facilities & Construction	0%	0%
Fund Transfer/Debt	12%	5%
TOTAL	100%	100%

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

**TABLE A-4 BUSINESS TYPE ACTIVITIES
FISCAL YEAR END JUNE 30, 2024**

Food Services	
Total Cost of Service	\$578,825
Food Service Cash Revenue	49,672
Earnings on Investments	3,668
State Revenues	70,824
Federal Revenues	404,743
Net Cost of Service	(\$49,918)

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

THE DISTRICT FUNDS

At June 30, 2024, the District governmental funds reported a combined unreserved fund balance of \$5,487,706. That includes \$4,284,047 in designated funds to cover the principal of current debt and \$129,509 for capital project expenses.

General Fund Budget

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

The District applies for federal, state, and local grants and these grants cannot always be anticipated in the budgeting process. During the fiscal year 2023-2024, the District received a total of \$868,351.43 in state and federal grant awards which included \$129,968.96 via IDEA Part B received from the Federal Government through the Commonwealth of Pennsylvania under the provisions of the with the Individual with Disabilities Education Act, \$1,812.00 via IDEA Section 619 received from the Federal Government through the Commonwealth of Pennsylvania under the provisions of the Individual with Disabilities Education Act, \$157,782 via the Ready To Learn Block Grant, \$125,038.02 via School Mental Health & Safety and Security Grant received from the Pennsylvania Commission on Crime and Delinquency (PCCD) in accordance with Act 55 of 2022, \$363,819.16 via the ESSER II Elementary and Secondary School Emergency Relief Fund authorized by the CRRSA Act, \$27,397.36 via APR ESSER (ESSER III) Elementary and Secondary School Emergency Relief Fund authorized by the ARP Act, \$16,730.56 via ARP ESSER Learning Loss Fund authorized by the ARP Act, \$3,346.20 via ARP ESSER Summer Programs Fund authorized by the ARP Act, \$3,346.20 via ARP ESSER Afterschool Programs Fund authorized by the ARP Act, \$11,059.97 via ARP ESSER Homeless Children and Youth Funds authorized by the ARP Act, and \$28,051.00 via the Small Rural School Achievement Grant authorized by the Federal Government for Title V, Part B, Subpart 1.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

On June 30, 2024, the District had \$3,633,540 invested in a broad range of capital assets, including land, buildings, and furniture and equipment.

**TABLE A-5 GOVERNMENTAL ACTIVITIES
CAPITAL ASSETS NET OF DEPRECIATION
FISCAL YEAR END JUNE 30, 2024**

Land & Site Improvements	\$ 119,152
Buildings & Improvements	3,216,446
Furniture & Equipment	<u>297,942</u>
TOTAL	\$3,633,540

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

Debt Administration

The District had total outstanding debt principal of \$609,590 on a Note, Series A of 2021. During the year, the District made payments against the principal of \$341,090. The District also had a total outstanding debt principal of \$242,083 on Note, Series of 2021. During the year, the District made payments against the principal of \$1,700. The District had total outstanding debt principal of \$4,000,000 on a Note, Series of 2022. During the year, the District made payments against the principal of \$224,380.

**TABLE A-6
OUTSTANDING DEBT AS OF JUNE 30, 2024**

General Obligation Notes/Bonds Principal:	
Note, Series A of 2021	\$268,500
Note, Series of 2021	\$240,383
Note, Series of 2022	\$3,775,620

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District does not expect significant growth in the near future given the residential nature of the community and the lack of economic opportunity within the region. The revenue budget for the 2024-2025 year is \$13,928,473, which is \$723,561 more than the budgeted revenues of \$13,204,912 for 2023-2024. This represents an approximate 5.5% increase. No significant increase in local revenue is expected.

The biggest challenges facing the District are ever increasing retirement contributions, special education costs, and cyber/charter tuition payments. The expenditure budget for the 2024-2025 year is \$14,723,050, which is \$751,623 more than the budgeted expenditures of \$13,971,427 for 2023-2024. This represents an approximate 5.4% increase. For the 2024-2025 school year, the District increased the real estate tax rate by the Act 1 adjusted index of 8.2% from 56.2682 mills to 60.8821 mills.

The comparison of the 2023-2024 fiscal year and 2024-2025 budgeted revenue and expenditures categories by percentage is as follows:

TABLE A-7
COMPARISON OF REVENUE AND EXPENDITURES
BY PERCENTAGE

Revenues	2023-2024	2024-2025
Local	23%	24%
State	72%	73%
Federal	5%	3%
Other	0%	0%
TOTAL	100%	100%
Expenditures	2023-2024	2024-2025
Instruction	58%	57%
Support Services	34%	34%
Non-Instruction/Community	3%	4%
Facilities & Construction	0%	0%
Fund Transfer/Debt	5%	6%
TOTAL	100%	100%

CONTACTING THE DISTRICT FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

Union School District
Statement of Net Position
June 30, 2024

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	425,977	\$5,559	\$431,536
Investments	6,396,996	237,901	6,634,896
Taxes Receivable, net	178,745		178,745
Due From Other Governments	343,032		343,032
Inventories	32,000	11,044	43,044
Total Current Assets	7,376,750	254,504	7,631,254
Noncurrent Assets:			
Land and Site Improvements (net)	119,152		119,152
Building & Improvements (net of Acc Depreciation)	3,216,446		3,216,446
Furniture & Equipment (net Acc Depreciation)	297,942	15,204	313,146
Construction in Process	0		0
Total Noncurrent Assets	3,633,540	15,204	3,648,744
TOTAL ASSETS	11,010,290	\$269,708	\$11,279,998
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Charges	\$646,000		\$646,000
Deferred OPEB Charges	60,000		\$60,000
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$706,000		\$706,000
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$11,716,290	\$269,708	\$11,985,998
LIABILITIES			
Current Liabilities:			
Due to General Fund		\$78,138	\$78,138
Accounts Payable	336,188		336,188
ST Portion of Compensated Absences	8,472		76,253
Current Portion of LT Debt	576,310		576,310
Other Current Liabilities	1,374,111	100,941	1,475,052
Total Current Liabilities	2,295,081	179,079	2,474,160
Noncurrent Liabilities:			
Loans Payable	3,708,193		3,708,193
LT Portion of Compensated Absences	76,253		76,253
Other Postemployment Benefits	5,510,915		5,510,915
Net Pension Liability	14,903,000		14,903,000
Total Noncurrent Liabilities	24,198,361	0	24,198,361
TOTAL LIABILITIES	26,493,442	179,079	26,672,521
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Credits	\$720,000		\$720,000
Deferred OPEB Credits	153,000		153,000
TOTAL DEFERRED INFLOWS OF RESOURCES	\$873,000	0	\$873,000
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	\$27,366,442	\$179,079	\$27,545,521
NET POSITION			
Net Investment in Capital Assets	(650,963)	15,204	(635,759)
Assigned - Capital Projects Fund	129,509		129,509
Assigned - Scholarship Fund		172,803	172,803
Committed	4,284,047		4,284,047
Unrestricted (deficit)	(19,412,744)	(97,378)	(19,510,122)
TOTAL NET POSITION	(\$15,650,151)	\$90,629	(\$15,559,522)

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

Union School District
Statement of Activities
For the Year Ended June 30, 2024

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
	Operating			
	Charges for Services	Grants and Contributions	Governmental Activities	Business-type Activities
Expenses				Total
Governmental activities:				
Depreciation - unallocated	298,821		-298,821	-298,821
Instruction	7,783,769	6,854,920	-928,849	-928,849
Instructional Student Support	794,523	699,711	-94,812	-94,812
Administrative & Financial Support Services	1,692,683	1,490,693	-201,990	-201,990
Operation & Maintenance of Plant Services	1,314,408	1,157,558	-156,850	-156,850
Pupil Transportation	771,198	611,570	-159,629	-159,629
Student Activities	373,665		-352,615	-352,615
Community Services	13,346	14,374	1,028	1,028
Interest expense on Long-Term Debt	99,990		-99,990	-99,990
Other Operating Income			224,091	224,091
Total Governmental Activities	\$13,142,403	\$21,050	(\$2,068,436)	(\$2,068,436)
Business-type activities:				
Food Service	\$578,826	\$49,672		(\$53,587)
Scholarship Fund	4,753		0	(4,753)
Total Business-Type Activities	583,579	49,672	0	(58,340)
TOTAL PRIMARY GOVERNMENT	\$13,725,982	\$70,722	(\$2,068,436)	(\$2,126,776)
General revenues:				
Property taxes levied for general purposes, net			\$2,693,180	\$2,693,180
Investment Earnings			316,288	335,263
Transfers between Governmental, Business-type activities			0	0
Total General Revenues			3,009,468	3,028,443
CHANGES IN NET POSITION			941,032	901,668
Net Assets, Beginning			(16,591,183)	(16,461,190)
NET POSITION - END OF FISCAL YEAR			(\$15,650,151)	(\$15,559,522)

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

UNION SCHOOL DISTRICT
BALANCE SHEET- GOVERNMENT FUNDS
JUNE 30, 2024

	GENERAL	CAPITAL PROJECTS	TOTAL GOVERNMENT FUNDS
ASSETS			
Cash	\$425,977		\$425,977
Investments (at cost)	6,167,487	229,509	6,396,996
Taxes receivable	178,745		178,745
Due from other gov't units	343,032		343,032
Inventory of materials and supplies	32,000		32,000
TOTAL ASSETS	<u>\$7,147,241</u>	<u>\$229,509</u>	<u>\$7,376,750</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$236,188	\$100,000	\$336,188
Other current liabilities	1,374,111		1,374,111
Deferred revenues	178,745		178,745
TOTAL LIABILITIES	<u>\$1,789,044</u>	<u>\$100,000</u>	<u>\$1,889,044</u>
FUND BALANCES			
Non-spendable	\$32,000		\$32,000
Committed	4,284,047		4,284,047
Assigned	0	\$129,509	129,509
Unassigned	1,042,150		1,042,150
TOTAL FUND BALANCES	<u>5,358,197</u>	<u>129,509</u>	<u>5,487,706</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$7,147,241</u>	<u>\$229,509</u>	<u>\$7,376,750</u>

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

Union School District
Reconciliation: Governmental Funds Balance Sheet To The Statement of Net Position
June 30, 2024

Total Fund Balances - Governmental Funds \$5,487,706

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

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

Assets	\$11,607,847	
Accumulated Depreciation	<u>(7,974,307)</u>	3,633,540

Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds. 178,745

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

Bonds payable	(4,284,503)	
Compensated absences	(84,725)	
Other Postemployment benefits	(5,510,915)	
Net Pension Liability - GASB 68	<u>(14,903,000)</u>	(24,783,143)

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

Deferred Outflows of Resources Related to Pensions	646,000	
Deferred Inflows of Resources Related to Pensions	(720,000)	
Deferred Outflows of Resources Related to OPEB	60,000	
Deferred Outflows of Resources Related to OPEB	<u>(153,000)</u>	<u>(167,000)</u>

Total Net Position - Governmental Activities (\$15,650,152)

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENT FUNDS
YEAR ENDED JUNE 30, 2024**

	GENERAL FUND	CAPITAL PROJECTS FUND	TOTAL
Revenues			
Local Sources	\$ 3,150,150	\$ 16,338	\$ 3,166,488
State Sources	\$ 9,966,921		9,966,921
Federal Sources	\$ 725,935		725,935
	<u>\$ 13,843,006</u>	<u>\$ 16,338</u>	<u>13,859,344</u>
Expenditures			
Instruction	7,783,769	2,928	\$7,786,697
Support Services	4,568,165	57,451	4,625,616
Non-Instructional Services	387,011		387,010
Building Acquisition	4,647	370,430	375,077
Payment of bond principal	567,170		567,170
Interest Expense	99,990		99,990
	<u>13,410,752</u>	<u>430,809</u>	<u>13,841,561</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 432,254</u>	<u>(414,471)</u>	<u>17,783</u>
Other Financing Sources (Uses)	-	-	
Operating Transfers			
From General Fund to Cafeteria			-
From General Fund to Capital Projects Fund	(185,200)	185,200	-
Total Financing Sources (Uses) and Operating Transfers	<u>(185,200)</u>	<u>185,200</u>	<u>-</u>
Total Expenditures, Financing Sources (Uses) and Operating Transfers	<u>13,595,952</u>	<u>245,609</u>	<u>13,841,561</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>247,054</u>	<u>(229,271)</u>	<u>17,783</u>
Fund Balance, Beginning of Year	<u>5,111,143</u>	<u>358,781</u>	<u>\$5,469,924</u>
Fund Balance, End of Year	<u><u>\$5,358,197</u></u>	<u><u>\$129,510</u></u>	<u><u>\$5,487,707</u></u>

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

Union School District
Reconciliation: Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
To the Statement of Activities
For The Year Ended June 30, 2024

Total net change in fund balances - governmental funds	17,783
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period	162,931
Net Increase in Taxes Receivable recorded as reserve against fund balance	5,486
Net decrease in Compensated Absences recorded as reserve against fund balance	4,575
Net decrease in Pension Liability not due and payable in current period and therefore not reported as a liability in government funds	80,000
Net increase in Other Postemployment Benefits (OPEB) not due and payable in current period and therefore not reported as a liability in government funds	(271,530)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	567,170
Correction of prior period balance in Bonds Payable	(162,383)
Changes in Deferred Inflows and Outflows of Resources related to Pension and OPEB are not recorded as revenues or expenditures in governmental funds	537,000

Change in net position of governmental activities	\$941,032
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The accompanying notes are an integral part of these financial statements.

Union School District
Proprietary Fund (Food Service)
Statement of Net Position
June 30, 2024

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 5,559
Investments	65,098
Inventories	11,044
Other Current Assets	

Total Current Assets	<u>\$ 81,701</u>
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Noncurrent Assets:

Furniture & Equipment (net)	\$ 15,204
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Total Noncurrent Assets	<u>\$ 15,204</u>
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TOTAL ASSETS	<u><u>\$ 96,905</u></u>
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LIABILITIES

Current Liabilities:

Accounts Payable	78,138
Other Current Liabilities	\$ 100,941

Total Current Liabilities	<u>\$ 179,079</u>
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TOTAL LIABILITIES	<u>\$ 179,079</u>
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NET POSITION

Invested in Capital Assets Net of Related Debt	\$ 15,204
Unrestricted	<u>(97,378)</u>

TOTAL NET POSITION	<u>\$ (82,174)</u>
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TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 96,905</u></u>
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The accompanying notes are an integral part of these financial statements.

Union School District
Proprietary Fund (Food Service)
Statement of Revenues, Expenses and Changes in Net Position
For The Year Ended June 30, 2024

Operating Revenue	
Lunch and Milk Sales	\$49,672
State Subsidies	27,985
State Retirement Subsidy	42,839
Federal Subsidies	404,743
	<hr/>
Total Operating Revenues	525,239
	<hr/>
Operating Expense	
Personal Services	358,847
Supplies	207,683
Repairs and Maintenance	6,179
Travel	3,178
Dues and Fees	1,136
Depreciation	1,802
	<hr/>
Total Operating Expenses	578,826
	<hr/>
Operating Income (Loss)	(\$53,587)
	<hr/>
Nonoperating Revenue	
Investment Income	\$3,668
Operating Transfers	
In (Out)	0
	<hr/>
Net Income (loss)	(\$49,918)
	<hr/>
Net Position, Beginning of Year	(\$32,256)
	<hr/>
Net Position, End of Year	<u><u>- \$82,174</u></u>

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

**Union School District
Proprietary Fund (Food Service)
Statement of Cash Flows
For The Year Ended June 30, 2024**

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash Received From Food Sales	\$ 525,239
Cash Paid for Labor and Benefits	(358,847)
Cash Paid for Purchases	(218,176)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ (51,785)</u>

CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES

Operating Transfers In (Out)	<u>-</u>
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	<u>-</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Increase in Other Current Liabilities	<u>14,750</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>14,750</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Earnings on investments	<u>3,668</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>3,668</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS	\$ (33,366)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>104,023</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$70,657</u></u>

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

Operating Income (loss)	(\$53,587)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation Expense	<u>1,802</u>
Total adjustments	<u>1,802</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ (51,785)</u>

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

**Union School District
Fiduciary Fund
Statement Net Position - Fiduciary Fund
For the year ended June 30, 2024**

	<u>Agency:</u> <u>Student Activity</u> <u>Fund</u>	<u>Private-Purpose:</u> <u>Scholarship</u> <u>Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 52,345	\$ -
Investments	\$ 3,657	172,803
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 56,002</u>	<u>\$ 172,803</u>
 LIABILITIES		
Other Current Liabilities	\$ 56,002	
TOTAL LIABILITIES	<u>\$ 56,002</u>	
 RESTRICTED NET POSITION	 <u>\$ -</u>	 <u>\$ 172,803</u>

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

UNION SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

A. Reporting Entity

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

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

B. Fund Accounting

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

C. Government-Wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns to the fund financial statements.

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

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

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

Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues susceptible to accrual are tax revenues and tuition. Revenue from federal, state, and other grants designated for payment of specific expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned.

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

The District reports the following major governmental funds:

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

The District reports the following major proprietary funds:

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

In addition, The District reports the following fiduciary funds:

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

E. Interfund Receivables and Payables

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

F. Capital Assets

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

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

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

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

G. Cash Equivalents and Investments

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

Investments are valued at fair value.

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

Obligations of:

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

H. Inventories and Prepaid Items

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

The inventories on hand in the Food Service Fund at June 30, 2024, consist of the following:

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

I. Deferred Revenue

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

J. Estimates

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

K. Real Estate Taxes

Real estate taxes for the School District are collected from the Boroughs of Rimersburg and Sligo and the townships of Piney, Madison and Toby. The District’s real estate taxes are based on assessed values established by the County’s Board of Assessments. Elected local tax collectors collect the taxes. Real estate taxes are effectively levied on July 1. A discount of 2% is applied to payments made prior to August 31. A penalty of 10% is added to the face amount of taxes paid after October 31. The tax on real estate for public school purposes for fiscal 2023-24 was 56.2682 mills (\$56.2682 per \$1,000 of assessed valuation) as levied by the Board. Assessed valuations of property are determined by Clarion County and the elected tax collectors are responsible for collections. Unpaid current year real estate taxes are returned to Clarion County’s Tax Claim Bureau in January of each year.

NOTE 2 – DETAILED NOTES ON ALL FUNDS

A. Cash, Cash Equivalents, and Investments

Cash and Cash Equivalents

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

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

Balances held in each category at June 30, 2024 are as follows:

	<u>1</u>	<u>2</u>	<u>3</u>
<u>GENERAL FUND:</u>			
Checking, Savings and Money Market Accounts	\$ ---	\$ ---	\$425,977
<u>CAPITAL PROJECTS FUND:</u>			
Checking Savings, and Money Market Account	\$ ---	\$ ---	\$229,509
<u>PROPRIETARY FUND – FOOD SERVICE:</u>			
Checking, Savings and Money Market Accounts	\$ ---	\$ ---	\$ 5,559

Investments consist of savings and money market accounts as follows:

<u>GENERAL FUND:</u>	
PA Local Government Investment Trust	\$5,217,487
Farmers Bank	700,000
Clarion County Community Bank	250,000
	<u>\$6,167,487</u>
<u>PROPRIETARY FUND – FOOD SERVICE:</u>	
PA Local Government Investment Trust	<u>\$ 65,098</u>
<u>TRUST AND AGENCY FUNDS (Scholarship):</u>	
Edward Jones	<u>\$172,803</u>
Total	<u>\$6,405,388</u>

Checking, savings, and money market accounts are covered by federal depository insurance or on a pooled basis under the provisions of Act 72 or 1971. GASB No. 3, Paragraph 69, provides that certain types of cash, such as cash in a state treasurer's investment pool or mutual funds, cannot be assigned a credit risk category because the government does not own specific securities. Therefore, the Pennsylvania Liquid Asset Fund cash included in these financial statements will not be assigned a credit risk category. The carrying value and market value of Pennsylvania Liquid Asset Fund cash, as of June 30, 2024, is \$4,582,585.

B. Due From Other Governmental Units

Amounts due from other governments represent receivables for revenues earned by the School District or collections made by another governmental unit on behalf of the School District. At June 30, 2024, the following amounts were due from other governmental units:

<u>Due From</u>	<u>General Fund</u>
Local education agencies	\$172,744
State government	116,789
Federal government	53,499
	<u>\$343,032</u>

C. Capital Assets

A summary of the governmental and business-type fixed asset activity for the 2023-24 fiscal year is as follows:

GOVERNMENTAL ACTIVITIES:

COST	Balance 7/1/2023	Increases	Decreases	Balance 6/30/2024
Land and Site Improvements	\$1,148,406			\$1,148,406
Building & Improvements	7,758,252	\$225,600		7,983,852
Furniture & Equipment	2,401,274	74,316		2,475,590
TOTAL	\$13,307,932	299,915		\$11,607,847

ACCUMULATED DEPRECIATION	Balance 7/1/2023	Note	Increases	Decreases	Balance 6/30/2024
Land and Site Improvements	\$ 974,445	1	\$ 54,809		\$1,029,254
Building & Improvements	4,599,748	1	167,657		4,767,405
Furniture & Equipment	2,101,293	1	76,355		2,177,648
TOTAL	\$7,675,486		\$298,821		\$7,974,307

NET BOOK VALUE	\$3,632,446	\$1,094	\$3,633,540
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BUSINESS-TYPE ACTIVITIES:

	Balance 7/1/2023		Increases	Decreases	Balance 6/30/24
Furniture and Fixtures	\$53,087				\$53,087
Less: Accumulated Depreciation	(36,081)	1	1,802		(37,883)
NET BOOK VALUE	\$17,006		\$1,802		\$15,204

Notation:

(1) 2023-24 Depreciation Expense

D. Deferred Revenues

Deferred revenues represent receivables that will be collected and included in revenues of future fiscal years. In the General Fund, deferred revenues of \$178,745 consist of delinquent taxes receivable that were levied in the current and prior years but will not be available to pay liabilities of the current period.

E. Bonds Payable

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

On January 11, 2022, the District issued Note - Series of 2022 in the amount of \$4,000,000 to finance construction projects to be completed at the Union High School and Sligo Elementary School.

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

SERIES OF 2021

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2025	78,000.00	2,451.30	80,451.30
2026	161,927.00	987.75	162,914.75
TOTAL	<u>\$239,927.00</u>	<u>\$3,439.05</u>	<u>\$243,366.05</u>

SERIES OF 2021A

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2025	268,500.00	1,396.20	269,896.20
TOTAL	<u>\$268,500.00</u>	<u>1,396.20</u>	<u>\$269,896.20</u>

SERIES OF 2022

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2025	229,810.00	87,491.09	317,301.09
2026	235,370.00	81,932.19	317,302.19
2027	241,060.00	76,238.85	317,298.85
2028	246,900.00	70,407.73	317,307.73
2029	252,870.00	64,435.48	317,305.48
2030	258,990.00	58,318.75	317,308.75
2031	265,250.00	52,054.08	317,304.08
2032	271,670.00	45,637.89	317,307.89
2033	278,240.00	39,066.47	317,306.47
2034	284,970.00	32,336.11	317,306.11
2035	291,860.00	25,442.99	317,302.99
2036	298,920.00	18,383.16	317,303.16
2037	306,150.00	11,152.57	317,302.57
2038	313,560.00	3,747.04	317,307.04
TOTAL	<u>\$3,775,620.00</u>	<u>\$666,644.37</u>	<u>\$4,442,264.37</u>

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

Series of 2021	\$ 78,000
Series of 2021A	268,500
Series of 2022	229,810
<u>Total Current Maturities</u>	<u>\$576,310</u>

F. Pensions

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

General Information about the Pension Plan

Plan description

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

Benefits provided

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

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

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

Contributions

Member Contributions:

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

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

Members who joined the System after June 30, 2001 and before July 1, 2011, contribute at 7.50% (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002. Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

Employer Contributions:

The school districts' contractually required contribution rate for fiscal year ended June 30, 2024 was 34.31% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$1,712,263 for the year ended June 30, 2024.

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

At June 30, 2024, the District reported a liability of \$14,903,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2022 to June 30, 2023. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the District's proportion was 0.0335 percent, which was an decrease of 0.0002 from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the District recognized pension expense of \$1,642,200. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources <i>(in thousands of \$)</i>	Deferred Inflows of resources
Difference between expected and actual experience	\$ 3	\$ 204
Changes of assumptions	222	0
Net difference between projected and actual investment earnings	421	0
Changes in proportions	0	516
Difference between employer contributions and proportionate share of total contributions	0	0
Contributions subsequent to the measurement date	0	0
	<u>\$ 646</u>	<u>\$720</u>

\$66,000 as reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2024	(105,000)
2025	(534,000)
2026	426,000
2027	141,000
Thereafter	-0-
<u>TOTAL</u>	<u>\$(72,000)</u>

Changes in Actuarial Assumptions

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

- Valuation date – June 30, 2022
- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return – 7.00%, includes inflation at 2.50%
- Salary growth – Effective average of 4.5%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the Total Pension Liability was 7% as of June 30, 2021 and as of June 30, 2022.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
 - Salary growth rate – decreased from 5.00% to 4.50%
 - Real wage growth and merit or seniority increases (components for salary growth) – decreased from 2.75% and 2.25% to 2.50% and 2.00% respectively.
 - Mortality rates – Previously based on the RP 2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

Discount rate

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

Investments

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

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

For the year ended June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 3.54%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

Calculation of the Employer Proportion and Employer Proportionate Share

Employer's Proportion

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

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

	1% Decrease	Current Discount Rate	1% Increase
	6.00%	7.00%	8.00%
District's proportionate share of the net pension liability	\$ 19,318,000	\$ 14,903,000	\$ 11,178,000

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

G. Other Employee Benefits (Compensated Absences)

Vacation, Personal, and Sick Leave

Union School District employees are entitled to paid vacation, personal and sick days, depending on job status, length of service, and other factors. Sick leave, however, is the only benefit which may be carried forward to subsequent years. The total liability for compensated absences at June 30, 2024 is \$84,725.

H. - Other Postemployment Benefits

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

General Information about the Health Insurance Premium Assistance Program

Health Insurance Premium Assistance Program

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2021 there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

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

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age

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

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

Pension Plan description

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

Benefits provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2023 there were no assumed future 3

Employer Contributions:

The school districts' contractually required contribution rate for the fiscal year ended June 30, 2024 was 0.75% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$36,000 for the year ended June 30, 2024.

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

At June 30, 2024, the District reported a liability of \$604,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2022 to June 30, 2023. The District's proportion of the net

OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the District's proportion was 0.0334 percent, which was an decrease of 0.0003 from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the District recognized OPEB expense of \$271,530. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred outflows</u>	<u>Deferred inflows</u>
Difference between expected and actual experience	\$ 4	\$ 6
Changes in assumptions	52	114
Net difference between projected and actual investment earnings	1	-0-
Changes in proportion	3	33
Contributions subsequent to the measurement date	<u>0</u>	<u>0</u>
	<u>\$ 60</u>	<u>\$153</u>

\$7,000 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2024	(18)
2025	(22)
2026	(25)
2027	(27)
2028	(2)
<u>Thereafter</u>	<u>-</u>
<u>Total</u>	<u>\$ (94)</u>

3. Actuarial Assumptions

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

- Valuation date – June 30, 2021
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return – 4.13% - S&P 20 Year Municipal Bond Rate.

- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
 - Eligible retirees will elect to participate Pre age 65 at 50%
 - Eligible retirees will elect to participate Post age 65 at 70%

The following assumptions were used to determine the contribution rate:

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

Discount rate & Changes in Actuarial Assumptions

The discount rate used to measure the Total OPEB Liability was 4.13%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date.

The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 4.09% which represents the S&P 20 year Municipal Bond Rate at June 30, 2022, was applied to all projected benefit payments to measure the total OPEB liability.

Changes in Actuarial Assumptions:

- The discount rate used to measure the Total OPEB Liability increased from 4.09% as of June 30, 2022 to 4.13% as of June 30, 2023.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
 - Salary growth rate – decreased from 5% to 4.50%

- Real wage growth and merit or seniority increases (components for salary growth) – decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
- Mortality rates – Previously based on the RP 2014 Mortality Tables for Males and Females, adjusted to reflect PSERS’ experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS’ experience and projected using a modified version of the MP-2020 Improvement Scale.

Investments

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

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

OPEB- Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	<u>100%</u> <u>100.0%</u>	1.2%

For the year ended June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 4.36%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Calculation of the Employer Proportion and Employer Proportionate Share

Employer’s Proportion

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

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

For determining the employer proportionate share amount of the Collective Deferred Outflows of Resources and Deferred Inflows of Resources, the employers' proportionate share of June 30, 2022 is multiplied by the End of Year Balance for each item. OPEB expense is calculated by multiplying the employers' proportionate share as of June 30, 2023 by the System OPEB Expense.

System Net OPEB Liability

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

	<u>Dollar amounts in thousands:</u>		
	1% Decrease	Current	1% Increase
	3.13%	Discount Rate	5.13%
		4.13%	
System net OPEB liability	\$2,045,542	\$1,809,226	\$1,611,414

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2022, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2022, 93,392 retirees were receiving the maximum amount allowed of \$1,200 per year, and 611 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

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

The following presents the net OPEB liability for June 30, 2023, calculated using the discount rate of 4.09%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.09%) or 1-percentage-point higher (5.09%) than the current rate:

	1% Decrease	Current	1% Increase
	3.09%	Discount	5.09%
		Rate	
		4.09%	
the net OPEB liability	\$683,000	\$604,000	\$538,000

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

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

Plan Administration

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

Benefits Provided

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

Plan Membership

As of July 1, 2023, plan membership consisted of the following:

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

Investment Policy

The District’s obligation is unfunded as of July 1, 2023. There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

The total OPEB liability of the District at June 30, 2024 is projected to be \$4,906,915.

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

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

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

	1% Decrease 4.5% decreasing to 4.0%	Current Healthcare Cost Trend Rate 5.5% decreasing to 5.0%	1% Increase 6.5% decreasing to 6.0%
Total OPEB Liability	\$4,269,836	\$4,906,915	\$559,019

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

The following presents the total OPEB liability, calculated using the current discount rate of 2.21%, as well as the total OPEB liability calculated using a discount rate that is 1-percentage point lower (2.54%) or 1-percentage point higher (4.54%) than the current rate:

	1% Decrease 2.54%	Current Discount Rate 3.54%	1% Increase 4.54%
Total OPEB Liability	\$5,228,553	\$4,906,915	\$4,539,467

Schedule of Changes in Total OPEB Liability

	Fiscal Year Ending June 30, 2022	Fiscal Year Ending June 30, 2023	Fiscal Year Ending June 30, 2024
Total OPEB Liability-Beginning of Year	\$4,257,987	\$4,530,591	\$4,619,385
Service Cost	232,454	196,166	203,032
Interest on Total OPEB Liability	98,593	159,604	169,214
Changes of Benefit Terms	0	0	0
Difference between Expected and Actual Experience	0	(206,569)	0
Changes of Assumptions	0	(375,938)	0
Benefit Payments	<u>(58,443)</u>	<u>(97,607)</u>	<u>(84,716)</u>
Net Change in Total OPEB Liability	272,604	88,794	287,530
Total OPEB Liability-End of Year	\$4,530,591	\$4,619,385	\$4,906,915
Covered-Employee Payroll	\$3,947,066	\$4,039,987	\$4,181,387
Total OPEB Liability as a Percentage of the Covered-Employee Payroll	114.78%	114.34%	117.35%

OPEB Expense

	Fiscal Year ending June 30, 2024
Service Cost	\$203,032
Interest on Total OPEB Liability	169,214
Effect of Plan Changes	0
Administrative Expenses	0
Economic/Demographic (Gains)/Losses*	0
Assumption Changes	0
OPEB Expense	<u>\$372,246</u>

*Economic/demographic (gains) and losses for the period ending June 30, 2024 should be adjusted by the difference between actual and expected employer contributions.

Expected Remaining Service Lives

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

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

Deferred Inflows and Outflows of Resources

Under GASB 75, gains and losses which are amortized over future years are referred to as deferred inflows or gains, and deferred outflows or losses. Economic and demographic gains and losses and changes in the total OPEB liability due to changes in assumptions are recognized over a closed period equal to the average expected remaining service lives of all covered active and inactive members, determined as of the beginning of the measurement period. As of June 30, 2024 the deferred inflows and outflows of resources are as follows:

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

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

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

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

NOTE J. Fund Balance/Net Position

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

- Net Investment in Capital Assets of (\$650,963) consists of \$3,633,540 capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt attributable to the acquisition, construction, and improvement of the capital assets \$4,284,503.
- Assigned – Capital Projects Fund - amounts the School District intends to use for a specific purpose; as of June 30, 2024, management of the School District designated \$129,509 to be used as financial resources for capital projects.
- Committed Fund Balance of \$4,284,027 was set aside by the School Board to cover future increases in retirement contributions, debt, and medical insurance expenses.
- Unrestricted – consists of residual net position that does not meet the definition of “*net investment in fixed assets*”, *assigned*, or *committed* fund balances.

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

- Non-spendable fund balance – amounts that are not in spendable form or are required to be maintained intact. The non-spendable fund balance at 6/30/2023 is \$32,000.
- Committed fund balance – amount constrained to specific purposes by the School District itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint. Committed Fund Balance of \$4,284,047 was set aside by the School Board to cover future increases in retirement contributions, debt, and medical insurance expenses.
- Assigned fund balance -amounts the School District intends to use for a specific purpose; as of June 30, 2024, management of the School District designated \$129,509 to be used as financial resources for capital projects.
- Unassigned fund balance- this classification includes the residual fund balance for the General Fund. The School District had \$1,042,150 of unassigned fund balance as of June 30, 2024.

J. Risk Management

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

K. Subsequent Events

Subsequent events have been evaluated through the date of the auditor’s report, September 20, 2024.

REQUIRED SUPPLEMENTAL INFORMATION

**UNION SCHOOL DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2024**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
REVENUES:				
Local sources	2,825,492	2,825,492	3,150,150	324,658
State sources	9,841,809	9,841,809	9,966,921	125,112
Federal sources	537,611	537,611	725,935	188,324
TOTAL REVENUES	13,204,912	13,204,912	13,843,006	638,094
EXPENDITURES:				
Instruction - regular	5,531,671	5,537,680	5,386,738	150,942
Special programs	1,618,493	1,618,493	1,978,581	(360,088)
Vocational educational	541,883	541,883	402,207	139,676
Other instructional programs	3,738	3,738	16,244	(12,506)
Pupil personnel	654,314	654,314	633,194	21,120
Instructional staff	179,082	178,821	161,328	17,493
Administration	1,064,618	1,064,879	1,061,849	3,030
Pupil health	192,868	192,868	179,592	13,276
Business	155,133	155,133	151,133	4,000
Operation & maintenance of plant	1,494,779	1,494,779	1,309,761	185,018
Student transportation	768,802	768,802	771,198	(2,396)
Central	352,578	346,569	295,773	50,797
Other Support Services	4,306	4,306	4,337	(31)
Student activities	436,523	436,523	373,665	62,858
Community services	21,901	21,901	13,346	8,555
Facilities Acquisition, Construction and Improvement Services	0	0	4,647	(4,647)
Payment of Bond Principal	567,170	567,170	567,170	0
Payment of Bond Interest	100,423	100,423	99,990	433
TOTAL EXPENDITURES	13,688,282	13,688,282	13,410,752	277,530
EXCESS REVENUES OVER EXPENDITURES	-483,370	(483,370)	432,254	915,624
OTHER FINANCING SOURCES (USES):				
Repairs and Maintenance Services	0	0	0	0
Equipment Replacements	0	0	0	0
Transfers to Cafeteria Fund	(110,606)	(110,606)	0	110,606
Transfers to Capital Projects Fund	(172,539)	(172,539)	(185,200)	(12,661)
TOTAL OTHER FINANCING SOURCES (USES)	(283,145)	(283,145)	(185,200)	97,945
TOTAL EXPENDITURES AND OTHER FINANCING SOURCES (USES)	13,971,427	13,971,427	13,595,952	375,475
EXCESS REVENUES & OTHER SOURCE (UNDER) EXPENDITURES AND OTHER	(766,515)	(766,515)	247,054	1,013,569
FUND BALANCE, BEGINNING OF YEAR	5,866,974	5,866,974	5,111,143	(755,831)
FUND BALANCE, END OF YEAR	5,100,459	5,100,459	5,358,197	257,738

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

Union School District
Required Supplemental Information
For The Year Ended June 30, 2024

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

	Plan Year 6/30/2023	Plan Year 6/30/2022	Plan Year 6/30/2021	Plan Year 6/30/2020	Plan Year 6/30/2019	Plan Year 6/30/2018	Plan Year 6/30/2017	Plan Year 6/30/2016	Plan Year 6/30/2015	Plan Year 6/30/2014
Proportion of net pension liability (%)	0.00335	0.00337	0.00355	0.00357	0.00356	0.00355	0.00351	0.00355	0.0037	0.0039
Proportionate share of net pension liability	\$1,755,213	\$1,682,246	\$1,689,485	\$1,669,202	\$1,655,648	\$1,506,000	\$1,343,000	\$1,129,000	\$917,000	\$908,000
Covered Employee payroll	\$5,110,933	\$4,954,854	\$5,029,819	\$5,015,243	\$4,912,824	\$4,783,249	\$4,672,907	\$4,592,652	\$4,583,890	\$4,564,762
Proportionate share of net pension liability as a percentage of its covered payroll	34%	34%	34%	33%	34%	31%	29%	25%	20%	20%
Plan fiduciary net position as a percentage of total pension liability	61.85%	53.90%	55.68%	54.32%	55.66%	54.00%	51.84%	50.14%	54.35%	55.20%

Schedule of the District's Pension Contributions:

	Plan Year 6/30/2023	Plan Year 6/30/2022	Plan Year 6/30/2021	Plan Year 6/30/2020	Plan Year 6/30/2019	Plan Year 6/30/2018	Plan Year 6/30/2017	Plan Year 6/30/2016	Plan Year 6/30/2015	Plan Year 6/30/2014
Statutorily required pension contributions	\$1,755,213	\$1,682,246	\$1,722,683	\$1,669,202	\$1,711,204	\$1,638,014	\$1,790,000	\$1,784,000	\$1,502,963	\$1,621,794
Pension contributions in relation to statutorily required contributions	\$1,755,213	\$1,682,246	\$1,722,683	\$1,669,202	\$1,711,204	\$1,638,014	\$1,790,000	\$1,784,000	\$1,602,963	\$1,621,794
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee payroll	\$5,110,933	\$4,954,854	\$5,029,819	\$5,015,243	\$4,912,824	\$4,783,249	\$4,672,907	\$4,592,652	\$4,583,890	\$4,564,762
Pension Contributions as a percentage of covered employee payroll	34.34%	33.95%	34.25%	33.28%	34.83%	34.24%	38.31%	38.84%	34.97%	35.53%

Notes to the Required Supplementary Information:

Method and Assumptions Used In Calculations of Actuarially Determined Contributions:

The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, 2023, one year prior to the end of the fiscal year in which contributions are reported. The actuarial methods and assumptions used to determine the contractually required contributions for the year ended June 30, 2024 reported in that schedule can be found in Note F of the basic financial statements.

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

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

Union School District
Required Supplemental Information
For The Year Ended June 30, 2024

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

	Plan Year 6/30/2023	Plan Year 6/30/2022	Plan Year 6/30/2021	Plan Year 6/30/2020	Plan Year 6/30/2019	Plan Year 6/30/2018	Plan Year 6/30/2017
Proportion of net OPEB liability (%)	0.00334	0.00337	0.00355	0.00357	0.00356	0.00355	0.00351
Proportionate share of net OPEB liability	\$6,042,815	\$5,239,385	\$5,371,591	\$5,028,987	\$4,462,583	\$4,171,985	\$2,313,463
Covered Employee payroll	\$5,110,933	\$4,954,854	\$5,029,819	\$5,015,243	\$4,912,824	\$4,783,249	\$4,672,907
Proportionate share of net OPEB liability as a percentage of its covered payroll	118.23%	105.74%	106.79%	100.27%	90.84%	87.22%	15.30%
Plan fiduciary net position as a percentage of total OPEB liability	5.69%	5.65%	5.69%	5.69%	5.56%	5.56%	5.73%

Schedule of the District's OPEB Contributions:

	Plan Year 6/30/2023	Plan Year 6/30/2022	Plan Year 6/30/2021	Plan Year 6/30/2020	Plan Year 6/30/2019	Plan Year 6/30/2018	Plan Year 6/30/2017
Statutorily required OPEB contributions	\$271,530	\$132,206	\$342,604	\$595,404	\$1,001,598	\$288,552	\$297,982
OPEB contributions in relation to statutorily required contributions	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Contribution deficiency (excess)	\$ 271,530	\$ 132,206	\$ 342,604	\$ 595,404	\$ 1,001,598	\$ 288,552	\$ 297,982
Covered Employee payroll	\$5,110,933	\$4,954,854	\$5,029,819	\$5,015,243	\$4,912,824	\$4,783,249	\$4,672,907
OPEB Contributions as a percentage of covered employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes to the Required Supplementary Information:

Method and Assumptions Used In Calculations of Actuarially Determined Contributions:
The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, 2023, one year prior to the end of the fiscal year in which contributions are reported. The actuarial methods and assumptions used to determine the contractually required contributions for the year ended June 30, 2024 reported in that schedule can be found in Note H of the basic financial statements.

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

Changes of assumptions: As described in footnote H-3, page 43; "Changes in Actuarial Assumptions" the discount rate, salary growth rate, real wage growth and merit or seniority increases, and mortality rates were adjusted as of June 30, 2021 and were the same for June 30, 2023

OTHER SUPPLEMENTAL INFORMATION

**Union School District
Fiduciary Fund
Statement of Changes in Net Position - Fiduciary Fund
For the year ended June 30, 2024**

	<u>Private-Purpose: Scholarship Fund</u>
ADDITIONS	
Gifts and Contributions	\$0
Investment Income	5,895
Investment unrealized gain/loss	9,412
TOTAL ADDITIONS	<u>\$15,307</u>
 DEDUCTIONS	
Scholarships Awarded	\$ (4,753)
Administrative Expense	-
TOTAL DEDUCTIONS	<u>\$ (4,753)</u>
 CHANGE IN NET POSITION	 <u>\$10,554</u>
 Net Assets - Beginning of Fiscal Year	 <u>\$162,249</u>
 NET POSITION - END OF FISCAL YEAR	 <u><u>\$172,803</u></u>

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

UNION SCHOOL DISTRICT
SCHEDULE OF GENERAL FUND REVENUES
JUNE 30, 2024

REVENUE FROM LOCAL SOURCES:

Current Real Estate Taxes	\$1,794,986
Public Utility Realty Tax	2,202
Payments in Lieu of Taxes	4,443
Current Per Capita Taxes, Sec. 679	9,136
Current Per Capita Taxes, Act 511	9,686
Emergency and Municipal Service Tax	5,260
Earned Income Tax	415,667
Occupation Tax	82,794
Real Estate Transfer Tax	41,744
Delinquent Real Estate Taxes	128,566
Delinquent Per Capita Taxes, Sec. 679	2,568
Delinquent Local Taxes	18,622
Earnings on Investments	299,950
Revenues from LEA Activities	21,050
State Revenue Received from Other PA Public LEAs	68,428
Federal IDEA Revenue Received as Pass Through	140,317
Facilities Rental	2,974
Electric Curtailment Program	349
Contributions and Donations	11,400
Transportation provided to other LEAS	11,077
Services Provided to Other LEAS	42,280
Other Revenue Not Specified Above	36,651
TOTAL LOCAL REVENUE	\$3,150,150

REVENUE FROM STATE SOURCES:

Basic instructional subsidy	\$6,514,294
Special Education	\$774,316
Transportation	\$593,563
Nonpublic and Charter School Pupil Transportation	\$6,930
Health Services Subsidy	\$10,546
Property Tax Reduction	\$177,506
School Safety Grants	\$125,038
Ready to Learn Block Grant	\$157,782
Social Security	286,246
Retirement Reimbursement	1,320,700
TOTAL STATE REVENUE	\$9,966,921

REVENUE FROM FEDERAL SOURCES:

Title I Improving Academic Achievement of the Disadvantaged	\$227,540
Title II Preparing, Training, and recruiting High Quality Teachers and Principals	\$25,436
Title IV - 21st Century Schools	\$16,048
Title VI - Flexibility and Accountability	\$28,051
ESSER II - Emergency and Secondary School Emergency Relief Fund	363,819
ARP ESSER	27,397
ARP ESSER - Learning Loss	16,731
ARP ESSER - Summer Programs	3,346
ARP ESSER - Afterschool Programs	3,346
ARP ESSER - Homeless Children and Youth Funds	11,060
School-Based Access Medicaid Reimbursement Program	2,956
Medical Assistance Reimbursement for Administrative Claiming Program	204
TOTAL FEDERAL REVENUE	\$725,935

TOTAL REVENUE:

\$13,843,006

FEDERAL AWARDS SUPPLEMENTAL INFORMATION

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

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Union School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Union School District's basic financial statements, and have issued my report thereon dated September 20, 2024.

Internal Control Over Financial Reporting

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

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

weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Compliance and Other Matters

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

Purpose of this Report

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



Richard G. Hawk
Certified Public Accountant
September 20, 2024

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

I have audited the financial statements of the government activities, the business type activities, each major fund, and the aggregate remaining funds information of Union School District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Union School District's basic financial statements, and have issued my report thereon dated September 20, 2024, which contained unmodified opinions on those financial statements. My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Richard G. Hawk
Certified Public Accountant

September 20, 2024

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

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

Report on Compliance

I have audited Union School District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") Compliance Supplement that could have a direct and material effect on each of Union School District's major federal programs for the year ended June 30, 2024. Union School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's responsibility

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

Auditor's responsibility

My responsibility is to express an opinion on compliance for each of Union School District's major programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Union School District's

compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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



Richard G. Hawk
Certified Public Accountant

September 20, 2024

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MEMBER, PENNSYLVANIA INSTITUTE OF CPAS

UNION SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROJECT TITLE	SOURCE CODE	FEDERAL CFDA NUMBER	PASS THROUGH GRANTOR'S		GRANT PERIOD BEGINNING/ ENDING DATES	GRANT AMOUNT	TOTAL RECEIVED FOR YEAR	ACCRUED		ACCRUED DEFERRED REVENUE JULY 1	REVENUE RECOGNIZED EXPENDITURES		ACCRUED DEFERRED REVENUE JUNE 30
			NUMBER					REVENUE					
U.S. DEPARTMENT OF EDUCATION													
Passed Through Pennsylvania Department of Education:													
Title I Improving Basic Programs	I	84.010	13-230441		7/1/22-6/30/23	\$204,995	\$27,330	\$27,330	\$0	\$0	227,540	227,540	\$45,508
Title I Improving Basic Programs	I	84.010	13-240441		7/1/23-6/30/24	227,540	182,032	0	0	0	0	0	0
Title II Improving Teacher Quality	I	84.367	20-230441		7/1/22-6/30/23	25,790	5,007	5,007	0	0	0	0	0
Title II Improving Teacher Quality	I	84.367	20-230441		7/1/23-6/30/24	25,436	20,349	0	0	0	25,436	25,436	5,087
Title IV Academic Enrichment	I	84.424	144-230441		7/1/22-6/30/23	16,306	773	773	0	0	0	0	0
Title IV Academic Enrichment	I	84.424	144-240442		7/1/23-6/30/24	16,048	13,908	0	0	0	16,048	16,048	2,140
CARES Act-ESSER Fund Local	I	84.425	200-210441		7/1/23-6/30/24	363,819	363,819	0	0	0	363,819	363,819	0
ARP ESSER	I	84.425	223-210441		7/1/23-6/30/24	27,397	27,397	0	0	0	27,397	27,397	0
ARP ESSER 7%	I	84.425	225-210441		7/1/23-6/30/24	16,731	16,731	0	0	0	16,731	16,731	0
ARP ESSER 7%	I	84.425	225-210441		7/1/23-6/30/24	3,346	3,346	0	0	0	3,346	3,346	0
ARP ESSER 7%	I	84.425	225-210441		7/1/23-6/30/24	3,346	3,346	0	0	0	3,346	3,346	0
ARP ESSER Homeless Children & Youth	I	84.425	181-212443		7/1/23-6/30/24	11,060	11,060	0	0	0	11,060	11,060	0
TOTAL U.S. DEPARTMENT OF EDUCATION						\$941,814	\$675,098	\$33,110	\$694,723	\$694,723	\$52,735		

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Passed Through Pennsylvania Department of Agriculture:

National School Lunch												
Supply Chain Assistance	I	10.555	N/A	7/1/23-6/30/24	N/A	\$18,214	\$0	\$18,214	\$18,214	0	0	0
Lunch Hi/Low*	I	10.555	N/A	7/1/23-6/30/24	N/A	266,844	0	266,844	266,844	0	0	0
Severe Need Breakfast*	I	10.553	N/A	7/1/23-6/30/24	N/A	119,032	0	119,032	119,032	0	0	0
P-EBT Local Admin Funds	I	10.649	N/A	7/1/23-6/30/24	N/A	653	0	653	653	0	0	0
State												
Value of USDA Donated Commodities*	I	10.555	N/A	7/1/23-6/30/24	N/A	27,985	0	27,985	27,985	0	0	0
TOTAL U.S. DEPARTMENT OF AGRICULTURE						\$461,863	\$4,693	\$443,649	\$461,863	\$4,693		
TOTAL FINANCIAL ASSISTANCE						\$941,814	\$1,136,961	\$1,138,372	\$1,156,586	\$57,428		

Identification of 20% Rule:

Source Codes: I=Indirect Funding

*= Selected for testing

USDA Donated commodities:

- Total amount of commodities received from Department of Agriculture
- Beginning Inventory at July 1 Accrued 7/1/23
- Total amount of commodities used
- Ending inventory at June 30 Accrued 6/30/24

Total expenditures:	\$1,156,586
Less state expenditures:	(27,985)
Total federal expenditures:	1,128,601 X 20% = 225,720

Program selected for testing:	
Title I Improving Basic Programs	227,540 / 1,128,601 = 20.16%

**UNION SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

Note 1 – Reporting Entity

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

Note 2 – Basis of Accounting

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

UNION SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified ____yes ____X__no

Significant deficiencies identified not considered to be material weaknesses?
____yes ____X__none reported

Noncompliance material to financial statements noted? ____yes ____X__no

Federal Awards

Internal control over major programs:

Material weakness(es) identified ____yes ____X__no

Significant deficiencies identified not considered to be material weaknesses?
____yes ____X__none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a): ____yes ____X__no

Identification of major programs:

CFDA Number(s)
84.010

Name of Program or Cluster
Title I Improving Basic Programs

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

Auditee qualified as low-risk auditee? ____X__yes ____no

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

No matters were reported.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No matters were reported.

STATUS OF PRIOR AUDIT FINDINGS

No matters were reported.

UNION SCHOOL DISTRICT
STATUS OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024

There were no findings in the audit report of Union School District for the year ended June 30, 2024, dated September 20, 2024.