

**Conemaugh Township Area School District
West Campus Avenue
Davidsville, Pennsylvania 15928**

**Single Audit Report as required
by the Uniform Guidance**

**For the Year Ended
June 30, 2022**

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List of Report Distribution

January 6, 2023

To the Members of the Board
Conemaugh Township Area School District
West Campus Avenue
Davidsville, Pennsylvania 15928

Board Members:

Not later than thirty days after receipt of the audit report, Conemaugh Township Area School District must distribute the audit report as follows:

One (1) copy to: Commonwealth of Pennsylvania -
Bureau of Audits
(submitted electronically)

One (1) copy to: Single Audit Clearinghouse
(submitted electronically)

Sincerely,

Kotzan CPA & Associates, P.C.

Independent Auditors' Report

To the Members of the Board
Conemaugh Township Area School District
West Campus Avenue
Davidsville, Pennsylvania 15928

Opinions

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

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

Basis for Opinions

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

Emphasis of Matter – Restatement of Net Position and Fund Balance

As discussed in Note 21 to the financial statements, the net position of the governmental activities and the fund balance of the general fund were restated effective July 1, 2021 to correct for understated receivables and payables. Our opinion is not modified with respect to this matter.

Emphasis of Matter – GASB Statement No. 87, Leases

As discussed in Note 22 to the financial statements, Conemaugh Township Area School District implemented GASB Statement No. 87, *Leases* for the year ended June 30, 2022. This statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows or outflows of resources based on the payment provisions of the contract. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

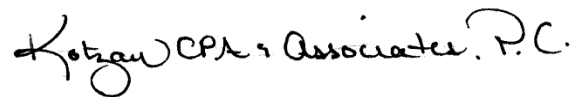
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, historical pension and OPEB information, and budgetary comparison information on pages 6-14, pages 58-60, and pages 61-62, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2023, on our consideration of Conemaugh Township Area School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Conemaugh Township Area School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Conemaugh Township Area School District's internal control over financial reporting and compliance.



Kotzan CPA & Associates, P.C.
Johnstown, Pennsylvania
January 6, 2023

Management's Discussion and Analysis

Conemaugh Township Area School District

2021-2022

This Management's Discussion and Analysis (MD & A) offers an overview of the Conemaugh Township Area School District's (CTASD) financial performance during the fiscal year July 1, 2021-June 30, 2022. It should be read in conjunction with the financial statements, which follow. Comparative data from fiscal year 2020-2021 is required and is included in this report.

FINANCIAL STATEMENTS

Financial Statements have been audited by Kotzan CPA & Associates, P.C. and prepared in accordance with GASB Statement No. 34, presenting both entity-wide and fund-type reports using both the accrual and modified accrual basis of accounting respectively.

GASB # 34 REPORTING

Every effort has been made to ensure this report is easy-to-read and understandable to all citizens of the Conemaugh Township Area School District and other interested parties. Questions and comments regarding the included information may be obtained either in person or by mail by contacting: Mrs. Gina Rembold, Business Manager, 300 W. Campus Avenue, Davidsville, PA 15928; Phone (814) 479-7431 or email regina.rembold@ctasd.org. The remainder of the report contains information included in the fiscal year 2021-2022 Annual Financial Report (PDE form 2057) and local auditor's report. Comparative data for 2020-2021 vs. 2021-2022 is included in the following report.

Government-wide Statements

The government-wide statements report information about the District as a whole using the accrual method of accounting. Net assets include all of the district's assets and liabilities. Current year revenues and expenditures are included in the statement of activity regardless of when paid or received. This approach allows school districts to account for assets and liabilities more like a "for-profit" business would, making comparisons easier and more consistent.

The financial well-being of the District can be more easily assessed using the net assets report, or the overall difference between assets and liabilities. The following reports only show the District's financial stability and do not address the overall success or failure of the District. Determining if the District is providing a quality education to its students while maintaining financial stability is much more difficult and involves many non-financial factors not included in this analysis. It is important to keep in mind, as these reports are reviewed, financial statements, although very important, are only one part of the overall operation of the District.

The government-wide statements are divided into two categories:

1. **Government Activities** - Includes all basic activities, such as education, administration, transportation, capital projects and athletics.
2. **Business-Type Activities** - Food Service Department. Fees and charges to staff and students help support the cost of operation.

Conemaugh Township Area School District
Management's Discussion and Analysis (MD&A)

Fund Financial Statements

Fund financial statements provide information about the significant funds, *not the district as a whole*.

Governmental Funds - Governmental funds encompass most of the District's activities. Government fund statements present a detailed, short-term financial view of the District on a modified accrual basis.

Proprietary Funds - Proprietary funds are more like a business-type activity. The District Food Service Fund is a proprietary fund in that money is collected through fees and charges and supports the expenses of the fund.

Fiduciary Funds - Funds where the District is a custodian or trustee. The District cannot use these funds for any operational expenditure. The Student Activities Fund represents the District's fiduciary fund.

FINANCIAL HIGHLIGHTS

The Conemaugh Township Area School District's general fund posted revenues of \$15,366,631 and expenditures of \$15,637,594. The difference resulted in a deficit of revenues under expenditures in the amount of \$270,963. Conemaugh Township Area School District's general fund maintains a healthy fund balance of \$5,918,503 at June 30, 2022. These amounts are reflected in the fund financial statements (modified accrual basis).

Property taxes were not increased in 2020-2021 or 2021-2022 and remain at 27.96 mills.

During the 2013-2014 fiscal year the District issued the Series of 2014 General Obligation Bonds in the amount of \$4,095,000 to fund various capital improvements in the District and to refund the District's 2006 lease agreement with the Bank of America. The balance outstanding at June 30, 2022 was \$185,000. During the 2018-2019 fiscal year the District issued the Series of 2019 General Obligation Bonds in the amount of \$10,000,000 to refund the Series of 2012 and a portion of the Series of 2014, and to fund capital projects. The balance outstanding on the Series of 2019 General Obligation Bonds at June 30, 2022 was \$9,265,000.

Conemaugh Township Area School District
Management's Discussion and Analysis (MD&A)

Entity-Wide Financial Analysis

Table 1 summarizes the assets, liabilities, and net position of the District at June 30, 2022, as compared to June 30, 2021.

Table 1
Condensed Schedule of Net Position

	Governmental Activities		Business-type Activities		Total School District		Change
	2022	2021	2022	2021	2022	2021	2021-22
Assets							
Current assets	\$ 10,155,797	\$ 10,379,163 *	\$ 471,105	\$ 205,409	\$ 10,626,902	\$ 10,584,572 *	\$ 42,330
Capital assets	15,876,579	16,680,567	494,262	179,693	16,370,841	16,860,260	(489,419)
Total assets	<u>\$ 26,032,376</u>	<u>\$ 27,059,730</u>	<u>\$ 965,367</u>	<u>\$ 385,102</u>	<u>\$ 26,997,743</u>	<u>\$ 27,444,832</u>	<u>\$ (447,089)</u>
Deferred Outflows of Resources	<u>\$ 3,672,207</u>	<u>\$ 3,411,971</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,672,207</u>	<u>\$ 3,411,971</u>	<u>\$ 260,236</u>
Liabilities							
Current liabilities	\$ 2,207,454	\$ 2,156,803 *	\$ 75,299	\$ 72,200	\$ 2,282,753	\$ 2,229,003 *	\$ 53,750
Long-term liabilities	29,415,239	33,091,528	37,371	33,770	29,452,610	33,125,298	(3,672,688)
Total liabilities	<u>\$ 31,622,693</u>	<u>\$ 35,248,331</u>	<u>\$ 112,670</u>	<u>\$ 105,970</u>	<u>\$ 31,735,363</u>	<u>\$ 35,354,301</u>	<u>\$ (3,618,938)</u>
Deferred Inflows of Resources	<u>\$ 3,539,000</u>	<u>\$ 1,101,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,539,000</u>	<u>\$ 1,101,000</u>	<u>\$ 2,438,000</u>
Net Position							
Invested in capital assets, net of related debt	\$ 6,505,228	\$ 6,889,414	\$ 494,262	\$ 179,693	\$ 6,999,490	\$ 7,069,107	\$ (69,617)
Restricted	1,230,807	1,323,180	0	0	1,230,807	1,323,180	(92,373)
Unrestricted	(13,193,145)	(14,090,224) *	358,435	99,439	(12,834,710)	(13,990,785) *	1,156,075
Total net position	<u>\$ (5,457,110)</u>	<u>\$ (5,877,630)</u>	<u>\$ 852,697</u>	<u>\$ 279,132</u>	<u>\$ (4,604,413)</u>	<u>\$ (5,598,498)</u>	<u>\$ 994,085</u>

* Restated - See Note 21 to the financial statements.

Current assets are largely comprised of cash and investments. Capital assets represent land, construction in progress, buildings, and equipment less accumulated depreciation. Current liabilities primarily include accrued salaries and wages as well as the current portion of long-term debt. Long-term debt is comprised of the compensated absences liability, the OPEB liability, net pension liability, and the Series 2014 and Series 2019 Bonds.

The District recognized numerous significant fluctuations reflected above, including the increases in current assets, deferred inflows and outflows of resources, current liabilities, and total net position; and the decreases in capital assets and long-term liabilities.

Conemaugh Township Area School District
Management's Discussion and Analysis (MD&A)

Table 2 summarizes the revenues, expenses, and changes in net position of the District for the year ended June 30, 2022 compared to the year ended June 30, 2021.

Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities		Total School District		Variance
	2022	2021	2022	2021	2022	2021	2021-22
Program Revenues:							
Charges for services	\$ 48,515	\$ 14,398	\$ 78,640	\$ 62,058	\$ 127,155	\$ 76,456	\$ 50,699
Operating grants and contributions	3,983,297	3,859,854 *	977,586	793,558	4,960,883	4,653,412 *	307,471
Capital grants and contributions	79,636	111,910	342,811	61,344	422,447	173,254	249,193
General Revenues:							
Taxes levied	4,112,701	3,960,501	0	0	4,112,701	3,960,501	152,200
Grants and entitlements	7,175,678	7,117,458	0	0	7,175,678	7,117,458	58,220
Investment earnings	50,788	71,844	1,079	510	51,867	72,354	(20,487)
Other	6,046	5,564	0	0	6,046	5,564	482
Transfers	0	0	0	0	0	0	0
Total Revenues	<u>15,456,661</u>	<u>15,141,529</u>	<u>1,400,116</u>	<u>917,470</u>	<u>16,856,777</u>	<u>16,058,999</u>	<u>797,778</u>
Program Expenses:							
Instruction	8,658,839	9,126,012 *	0	0	8,658,839	9,126,012 *	(467,173)
Support services							
Instructional student support	983,819	1,003,629	0	0	983,819	1,003,629	(19,810)
Administrative and financial support services	2,064,292	2,110,145	0	0	2,064,292	2,110,145	(45,853)
Operation and maintenance	1,695,472	1,392,489	0	0	1,695,472	1,392,489	302,983
Pupil transportation	817,562	724,069	0	0	817,562	724,069	93,493
Student activities	542,277	490,603	0	0	542,277	490,603	51,674
Community services	1,600	1,400	0	0	1,600	1,400	200
Interest on long-term debt	272,280	282,179	0	0	272,280	282,179	(9,899)
Food service	0	0	826,551	779,109	826,551	779,109	47,442
Total Expenses	<u>15,036,141</u>	<u>15,130,526</u>	<u>826,551</u>	<u>779,109</u>	<u>15,862,692</u>	<u>15,909,635</u>	<u>(46,943)</u>
Increase (Decrease) in net position	<u>\$ 420,520</u>	<u>\$ 11,003</u> *	<u>\$ 573,565</u>	<u>\$ 138,361</u>	<u>\$ 994,085</u>	<u>\$ 149,364</u> *	<u>\$ 844,721</u>

*Restated – See Note 21 to the financial statements.

Conemaugh Township Area School District
Management's Discussion and Analysis (MD&A)

The Change in Net Position across funds in 2021-2022 was an increase of \$994,085.

Revenues of the governmental activities increased over \$300,000 in 2021-22 compared to the previous year, primarily due to additional federal funding received in response to the COVID-19 pandemic. The District's food service revenue, excluding transfers, increased \$482,646 over prior year, while expenses increased \$47,442. A significant portion of the increase in food service revenue over prior year is due to \$342,811 in capital contributions as a result of food service equipment purchased by the capital projects fund.

Despite rising costs, the District continued to offer free breakfast to all students, grades K-12. After the onset of the COVID-19 pandemic in March 2020, all meals were reimbursed through government subsidies at no charge to the recipient. This practice continued for the entire fiscal years 2021 and 2022.

The previous table shows the cost of program services and the charges for services and grants offsetting those services. Table 3 below reflects the cost of program services and the net cost of those services after taking into account the program revenues and unrestricted state entitlements.

Table 3
Net Revenue/Expenses

	Total Cost of Services <u>2022</u>	Net Cost of Services <u>2022</u>	Total Cost of Services <u>2021</u>	Net Cost of Services <u>2021</u>
Program Expenses				
Governmental Activities:				
Instruction	\$ 8,658,839	\$5,465,199	\$ 9,076,321	\$6,017,842
Instructional student support	983,819	860,749	1,003,629	928,423
Administration	2,064,292	2,029,978	2,110,145	2,082,331
Maintenance	1,695,472	1,591,541	1,392,489	1,190,870
Pupil transportation	817,562	247,450	724,069	149,100
Student activities	542,277	457,519	490,603	449,375
Community services	1,600	(23)	1,400	1,100
Interest and fiscal charges	<u>272,280</u>	<u>272,280</u>	<u>282,179</u>	<u>282,179</u>
Net program expenses	<u>\$15,036,141</u>	10,924,693	<u>\$15,080,835</u>	11,101,220
Less: Unrestricted state entitlements		<u>(7,175,678)</u>		<u>(7,117,458)</u>
Total governmental activities		<u>\$3,749,015</u>		<u>\$3,983,762</u>
Business-type activities:				
Food service	<u>\$ 826,551</u>	<u>\$ (572,486)</u>	<u>\$ 779,109</u>	<u>\$ (137,851)</u>

Governmental Activities

Total net cost of services decreased slightly from 2020-2021 to 2021-2022.

Business-Type Activities

The negative net cost of service for the Food Service Fund in 2020-2021 and 2021-2022 reflects the surplus of grant revenue, capital contributions and charges for service over expenses.

Conemaugh Township Area School District
Management's Discussion and Analysis (MD&A)

FUND FINANCIAL ANALYSIS

General Fund Revenues

The Conemaugh Township Area School District derived its revenue from three main sources; local effort, state subsidy and reimbursements, and federal funding. State funding continued to be the largest revenue source for Conemaugh Township Area School District in 2021-2022. State subsidies and/or reimbursements accounted for 68% of the total revenue received in 2021-2022 (\$10,347,273); 28% (\$4,359,258) was local effort, consisting largely of real estate tax collections; 4% (\$655,935) represented the federal share which was primarily Title grants, Elementary and Secondary School Emergency Relief (ESSER) funds, and Medical ACCESS reimbursements. The remainder (<0.03%) was "other revenues", representing insurance recoveries.

2021-2022

Function/Description	Budgeted	Actual	Variance
6000-Local Revenues	\$ 4,144,333	\$ 4,359,258	\$ 214,925
7000-State Revenues	10,384,437	10,347,273	(37,164)
8000-Federal Revenues	1,739,572	655,935	(1,083,637)
9000-Other Revenues	0	4,165	4,165
Totals	\$ 16,268,342	\$ 15,366,631	\$ (901,711)

2021-2022 Differences from Budgeted to Actual

Local

- Local revenues were stable; largest increase was from earned income tax revenue as the Somerset County Tax Collector changed and we saw an increase in collections. We also had parent tuition and donations that were unexpected during the year.

State

- State revenue is only slightly lower than budgeted.

Federal

- The receipt of COVID funds was anticipated, but revenue is recognized as funds are expended. We anticipate the expenditure of more COVID funding in future years as permitted by the grant periods.

Other

- The District received money from insurance proceeds. Offsetting expenses were charged to the 2600 function. These are one-time revenues.

Conemaugh Township Area School District
Management's Discussion and Analysis (MD&A)

General Fund Expenditures

CTASD expenditures during 2021-2022 totaled \$15,637,594. A breakdown of expenditures is illustrated in the table below.

Function/Description	Budgeted	Actual	Variance
1100-Regular Education	\$ 6,604,674	\$ 6,724,874	\$ (120,200)
1200-Special Education	2,094,132	1,605,805	488,327
1300-Vocational Education	467,250	390,017	77,233
1400-Other Education	81,631	71,608	10,023
1500-Nonpublic School Programs	5,000	8,041	(3,041)
2100-Pupil Services	655,313	616,444	38,869
2200-Media Services	408,252	384,896	23,356
2300-Administration	1,131,142	1,116,537	14,605
2400-Health Services	338,091	329,719	8,372
2500-Business Office	465,846	468,391	(2,545)
2600-Maintenance	1,291,309	1,245,366	45,943
2700-Transportation	760,560	760,148	412
2800/2900-IU Programs	156,248	175,161	(18,913)
3000-Extracurricular Activities	550,289	541,516	8,773
4000-Construction	1,221,600	0	1,221,600
5000-Financing / Transfers	699,072	1,199,071	(499,999)
Totals - rounded	\$ 16,930,409	\$ 15,637,594	\$ 1,292,815

2021-2022 Differences from Budgeted to Actual

- Costs were lower than budgeted due to the timing of ESSER/ARP funds being spent. Regular education costs were lower due to several teachers resigning mid-year. Special education was much lower due to fewer students enrolled in charter school, less outside placement activity, and lower IU costs. The Vocational Education costs were also reduced because of a larger-than-anticipated year-end refund from GJCTC. Construction, using ESSER/ARP funds, was not started in 2021-22 as expected. A transfer to Capital Reserve for ongoing building needs was made during the year.

General Fund Expenditure Comparative Data 2020-2021 vs. 2021-2022

An illustrative comparative chart below shows the overall expenditures from 2020-2021 vs. 2021-2022.

Fiscal Year	Category-1000	Category-2000	Category-3000	Category-4000	Category-5000
2020-2021	\$ 8,576,017	\$ 4,817,295	\$ 470,132	\$ 21,319	\$ 698,721
2021-2022	\$ 8,800,345	\$ 5,096,662	\$ 541,516	\$ 0	\$ 699,071
Difference	\$ 224,328	\$ 279,367	\$ 71,384	\$ (21,319)	\$ 350

Conemaugh Township Area School District
Management's Discussion and Analysis (MD&A)

Fund Financials Comparative Data 2021-2022

CTASD's fund balance exceeded the State's recommendation of between 8-12%. By maintaining a significant fund balance, the District is able to cover all payrolls and bills for several months when a state budget stalemate or an emergency exists. The District was able to earn over \$40,000 in interest by investing the fund balance money throughout the school year which equates to nearly one-half a mil of taxes.

During the 21-22 school year, the District's fund balance decreased by approximately \$270,000 due to a Capital Reserve transfer approved of \$500,000.

Capital Assets

The following table illustrates changes in capital assets, net of depreciation, by asset type.

Capital Assets - Net of Depreciation

	Governmental Activities		Business-type Activities		Total School District		Percentage Change
	2022	2021	2022	2021	2022	2021	2021-22
Land	\$ 46,560	\$ 46,560	\$ 0	\$ 0	\$ 46,560	\$ 46,560	0.0%
Site improvements	1,355,215	1,498,299	0	0	1,355,215	1,498,299	-9.5%
Buildings	13,483,486	14,178,247	0	0	13,483,486	14,178,247	-4.9%
Construction in progress	106,114	21,319	24,694	55,278	130,808	76,597	70.8%
Equipment and furniture	<u>885,204</u>	<u>936,142</u>	<u>469,568</u>	<u>124,415</u>	<u>1,354,772</u>	<u>1,060,557</u>	27.7%
Total	<u>\$15,876,579</u>	<u>\$ 16,680,567</u>	<u>\$494,262</u>	<u>\$179,693</u>	<u>\$16,370,841</u>	<u>\$ 16,860,260</u>	-2.9%

The decrease in capital assets of the governmental activities reflects depreciation expense exceeding capital outlays in fiscal year 2022. Capital assets of the business-type activities increased in fiscal year 2022, reflecting capital outlays exceeding depreciation expense.

Debt

The following table illustrates a condensed summary of outstanding long-term debt, including percentage change.

Outstanding Long-Term Debt

	Total School District		Total Percentage Change
	<u>2022</u>	<u>2021</u>	<u>2021-2022</u>
Other general obligation debt	\$9,450,000	\$9,875,000	-4.3%

Total debt includes funding the Elementary School renovations and additions as well as debt to fund a High School renovation project and retire previous energy saving project debt. Additional funds were used for the ADA and security upgrades, including a secured entrance, to the High School building. The District refinanced bonds during 2019.

Conemaugh Township Area School District
Management's Discussion and Analysis (MD&A)

Act 72/Act 1 of 2006

The Board of Directors took no action on Act 72 which signified that the District opted out of Act 72. Act 1 of 2006, a revamped Act 72, with many of the same provisions was approved by the State in June 2006.

Final Notes:

The Board and Administration of the Conemaugh Township Area School District encourages the citizens and taxpayers of the District to review this document in conjunction with other financial resources that are available, including the Pennsylvania Department of Education's website at www.pde.state.pa.us and the CTASD website at www.ctasd.org. The District's website contains a wealth of information about the District, its staff, students, Board, and financial status.

Lastly, when reviewing this data included in this report, it is important to note that the financial condition of the District, while very important, is not the only indicator of a successful school district and must be considered only as one piece of the complex picture that makes up the Conemaugh Township Area School District. When looking at 2021-2022 in particular it is very important to note that COVID-19 continued to have a financial impact on the District and its day-to-day operations.

The District tried to be smart with COVID funding (ESSER/ARP) spending in areas that were not recurring and avoided using the money for salaries and benefits. The Board and Administration chose to focus on building improvements, building air quality, specifically, and will continue to utilize additional funds in a manner that does not hurt the District financially in the long run. Questions regarding the District's use of COVID funds, ESSER (Elementary and Secondary School Emergency Relief Fund) / ARP (American Rescue Plan), may be directed to the Conemaugh Township Area School District Business Manager.

BASIC FINANCIAL STATEMENTS

Conemaugh Township Area School District
Statement of Net Position
June 30, 2022

	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and equivalents	\$ 7,913,972	\$ 412,053	\$ 8,326,025
Taxes receivable	1,380,604	0	1,380,604
Intergovernmental receivables	738,078	4,818	742,896
Other receivables	1,304	0	1,304
Inventories	50,000	54,234	104,234
Prepaid expenses	71,839	0	71,839
Total current assets	10,155,797	471,105	10,626,902
Noncurrent assets:			
Land	46,560	0	46,560
Construction in progress	106,114	24,694	130,808
Depreciable capital assets, net	15,723,905	469,568	16,193,473
Total noncurrent assets	15,876,579	494,262	16,370,841
Total assets	26,032,376	965,367	26,997,743
Deferred Outflows of Resources			
Defined benefit pension plan	3,158,270	0	3,158,270
Other post-employment benefits (OPEB)	453,786	0	453,786
Deferred loss on refunding of debt	60,151	0	60,151
Total deferred outflows of resources	3,672,207	0	3,672,207
Total assets and deferred outflows of resources	\$ 29,704,583	\$ 965,367	\$ 30,669,950

See accompanying notes to the basic financial statements.

Conemaugh Township Area School District
Statement of Net Position
June 30, 2022

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current liabilities:			
Intergovernmental payables	\$ 53,806	\$ 0	\$ 53,806
Accounts payable	89,712	0	89,712
Accrued salaries and benefits	913,245	0	913,245
Payroll deductions and withholdings	625,018	0	625,018
Accrued interest payable	23,424	0	23,424
Current portion of long-term obligations	460,280	1,905	462,185
Unearned revenues	41,969	73,344	115,313
Other current liabilities	0	50	50
Total current liabilities	<u>2,207,454</u>	<u>75,299</u>	<u>2,282,753</u>
Noncurrent liabilities:			
Bonds payable, net	8,991,502	0	8,991,502
Long-term portion of compensated absences	229,737	37,371	267,108
Net other post-employment benefits (OPEB)	2,663,000	0	2,663,000
Net pension liability	17,531,000	0	17,531,000
Total noncurrent liabilities	<u>29,415,239</u>	<u>37,371</u>	<u>29,452,610</u>
Total liabilities	<u>31,622,693</u>	<u>112,670</u>	<u>31,735,363</u>
Deferred Inflows of Resources			
Defined benefit pension plan	3,198,000	0	3,198,000
Other post-employment benefits (OPEB)	341,000	0	341,000
Total deferred inflows of resources	<u>3,539,000</u>	<u>0</u>	<u>3,539,000</u>
Net Position			
Invested in capital assets, net of debt	6,505,228	494,262	6,999,490
Restricted for capital projects	1,230,807	0	1,230,807
Unrestricted	(13,193,145)	358,435	(12,834,710)
Total net position	<u>(5,457,110)</u>	<u>852,697</u>	<u>(4,604,413)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 29,704,583</u>	<u>\$ 965,367</u>	<u>\$ 30,669,950</u>

See accompanying notes to the basic financial statements.

Conemaugh Township Area School District
Statement of Activities
For the Year Ended June 30, 2022

	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction	\$ 8,658,839	\$ 10,172	\$ 3,183,468	\$ 0	\$ (5,465,199)	\$ 0	\$ (5,465,199)
Instructional student support	983,819	0	123,070	0	(860,749)	0	(860,749)
Administration and financial support services	2,064,292	0	34,314	0	(2,029,978)	0	(2,029,978)
Operations and maintenance of plant services	1,695,472	0	24,295	79,636	(1,591,541)	0	(1,591,541)
Pupil transportation	817,562	0	570,112	0	(247,450)	0	(247,450)
Student activities	542,277	36,720	48,038	0	(457,519)	0	(457,519)
Community services	1,600	1,623	0	0	23	0	23
Interest on long-term debt	272,280	0	0	0	(272,280)	0	(272,280)
Total governmental activities	15,036,141	48,515	3,983,297	79,636	(10,924,693)	0	(10,924,693)
Business-Type Activities:							
Food service	826,551	78,640	977,586	342,811	0	572,486	572,486
Total primary government	<u>\$ 15,862,692</u>	<u>\$ 127,155</u>	<u>\$ 4,960,883</u>	<u>\$ 422,447</u>	<u>(10,924,693)</u>	<u>572,486</u>	<u>(10,352,207)</u>
General Revenues:							
Taxes levied					4,112,701	0	4,112,701
Grants, subsidies and contributions, not restricted					7,175,678	0	7,175,678
Investment earnings					50,788	1,079	51,867
Miscellaneous					6,046	0	6,046
Total general revenues					<u>11,345,213</u>	<u>1,079</u>	<u>11,346,292</u>
Change in net position					420,520	573,565	994,085
Net position, beginning of year, restated					<u>(5,877,630)</u>	<u>279,132</u>	<u>(5,598,498)</u>
Net position, end of year					<u>\$ (5,457,110)</u>	<u>\$ 852,697</u>	<u>\$ (4,604,413)</u>

See accompanying notes to the basic financial statements.

Conemaugh Township Area School District
Balance Sheet
Governmental Funds
June 30, 2022

	General Fund	Major Fund Capital Projects Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 6,615,294	\$ 1,298,678	\$ 7,913,972
Taxes receivable	1,380,604	0	1,380,604
Due from other governments	738,078	0	738,078
Other receivables	1,304	0	1,304
Inventories	50,000	0	50,000
Prepaid expenses	71,839	0	71,839
Total assets	8,857,119	1,298,678	10,155,797
Deferred Outflows of Resources			
	0	0	0
Total assets and deferred outflows of resources	\$ 8,857,119	\$ 1,298,678	\$ 10,155,797
Liabilities			
Due to other governments	\$ 53,806	\$ 0	\$ 53,806
Accounts payable	21,841	67,871	89,712
Accrued salaries and benefits	913,245	0	913,245
Payroll deductions and withholdings	625,018	0	625,018
Unearned revenue	41,969	0	41,969
Total liabilities	1,655,879	67,871	1,723,750
Deferred Inflows of Resources			
Delinquent taxes receivable	1,282,737	0	1,282,737
Total deferred inflows of resources	1,282,737	0	1,282,737
Fund Balance			
Nonspendable	121,839	0	121,839
Restricted	0	1,230,807	1,230,807
Assigned	2,300,000	0	2,300,000
Unassigned	3,496,664	0	3,496,664
Total fund balance	5,918,503	1,230,807	7,149,310
Total liabilities, deferred inflows of resources, and fund balance	\$ 8,857,119	\$ 1,298,678	\$ 10,155,797

See accompanying notes to the basic financial statements.

**Conemaugh Township Area School District
Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Position
June 30, 2022**

Total fund balance – governmental funds \$ 7,149,310

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds. The cost of assets is \$36,464,615 and the accumulated depreciation is \$20,588,036. 15,876,579

Property taxes receivable will be collected in the future, but are not available soon enough to pay for the current period's expenditures and therefore, are recorded as deferred inflows of resources in the funds. 1,282,737

Long-term liabilities 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	\$ (9,450,000)	
Unamortized bond discounts	18,498	
Accrued interest payable	(23,424)	
Compensated absences	(250,017)	
OPEB obligation	(2,663,000)	
Net pension liability	<u>(17,531,000)</u>	(29,898,943)

The loss from the refunding of debt is recognized as interest expense at the time of the refunding for the fund financial statements. The loss on the refunding of debt is reported as a deferred outflow of resources in the government-wide statements. 60,151

Deferred inflows and outflows of resources related to pensions and other post-employment benefit plans (OPEB) are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows related to pensions	\$3,158,270	
Deferred inflows related to pensions	(3,198,000)	
Deferred outflows related to OPEB	453,786	
Deferred inflows related to OPEB	<u>(341,000)</u>	<u>73,056</u>

Total net position of governmental activities \$ (5,457,110)

See accompanying notes to the basic financial statements.

Conemaugh Township Area School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	General Fund	Major Fund Capital Projects Fund	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Local sources	\$ 4,359,258	\$ 8,321	\$ 4,367,579
State sources	10,347,273	0	10,347,273
Federal sources	<u>655,935</u>	<u>0</u>	<u>655,935</u>
Total revenues	<u>15,362,466</u>	<u>8,321</u>	<u>15,370,787</u>
Expenditures			
Instruction	8,800,345	0	8,800,345
Support services	5,096,662	0	5,096,662
Non-instructional services	541,516	0	541,516
Capital outlay	0	600,694	600,694
Debt service (principal and interest)	<u>699,071</u>	<u>0</u>	<u>699,071</u>
Total expenditures	<u>15,137,594</u>	<u>600,694</u>	<u>15,738,288</u>
Excess of revenues over (under) expenditures	<u>224,872</u>	<u>(592,373)</u>	<u>(367,501)</u>
Other financing sources (uses)			
Insurance recoveries	4,165	0	4,165
Interfund transfers	<u>(500,000)</u>	<u>500,000</u>	<u>0</u>
Total other financing sources (uses)	<u>(495,835)</u>	<u>500,000</u>	<u>4,165</u>
Net change in fund balance	(270,963)	(92,373)	(363,336)
Fund balance, beginning of year, restated	<u>6,189,466</u>	<u>1,323,180</u>	<u>7,512,646</u>
Fund balance, end of year	<u>\$ 5,918,503</u>	<u>\$ 1,230,807</u>	<u>\$ 7,149,310</u>

See accompanying notes to the basic financial statements.

Conemaugh Township Area School District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
To the Statement of Activities
For the Year Ended June 30, 2022

Total net change in fund balance – governmental funds \$ (363,336)

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

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

Capital outlay	\$ 221,262	
Depreciation expense	<u>(1,025,250)</u>	(803,988)

Because some property taxes will not be collected for several months after the District’s year end, they are not considered as “available” revenues in the governmental funds. Deferred inflows of resources from tax revenues increased by this amount this year. 104,488

Interest on long-term debt is recognized in the governmental funds when it is due. In the statement of activities, interest expense is recognized as interest accrues. The liability for accrued interest expense decreased by this amount this year. 1,791

In the governmental funds, compensated absences are measured by the amounts used. The statement of activities measures by the amounts earned. The liability for compensated absences increased by this amount this year. (1,322)

Governmental funds report district pension contributions as expenditures in the year required to be made. However, pension expense, which is the change in net pension liability, adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the statement of activities.

District pension contributions	\$2,115,270	
Pension expense	<u>(984,528)</u>	1,130,742

Governmental funds report District payments for other post-employment benefits (OPEB) in the year such benefits are used. However, OPEB expense, which is the change in the net OPEB liability, adjusted for changes in deferred outflows and inflows of resources related to OPEB, is reported in the statement of activities.

District OPEB benefit payments	\$ 182,786	
OPEB expense	<u>(250,443)</u>	(67,657)

See accompanying notes to the basic financial statements.

**Conemaugh Township Area School District
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
 To the Statement of Activities
 For the Year Ended June 30, 2022**

The principal payments on long-term debt consume current financial resources of governmental funds. However, they reduce long-term liabilities on the statement of net position. Further, the effect of bond discounts and premiums are reported in the funds in the year of issue but are deferred and amortized in the statement of activities. The effect is shown below:

Bond principal payments	\$ 425,000	
Amortization of bond discounts	<u>(1,296)</u>	423,704

Governmental funds report gains and losses on the refunding of debt as an adjustment to interest in the year the refunding occurs. However, in the statement of activities, the gains and losses are deferred and amortized over the term of the new bond issue or the remaining term of the refunded issue. Deferred outflow for the loss on the bond refunding changed by this amount during 2021-22.

(3,902)

Change in net position of governmental activities

\$ 420,520

See accompanying notes to the basic financial statements.

Conemaugh Township Area School District
Statement of Net Position
Proprietary Fund
June 30, 2022

	<u>Food Service</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 412,053
Intergovernmental receivables	4,818
Inventory	54,234
Total current assets	471,105
Noncurrent assets:	
Construction in progress	24,694
Furniture and equipment, net	469,568
Total noncurrent assets	494,262
Total assets	965,367
Deferred Outflows of Resources	
	0
Total assets and deferred outflows of resources	\$ 965,367
Liabilities	
Current liabilities:	
Unearned revenue	\$ 73,344
Current portion of compensated absences	1,905
Other current liabilities	50
Total current liabilities	75,299
Noncurrent liabilities:	
Long-term portion of compensated absences	37,371
Total noncurrent liabilities	37,371
Total liabilities	112,670
Deferred Inflows of Resources	
	0
Net Position	
Invested in capital assets	494,262
Unrestricted	358,435
Total net position	852,697
Total liabilities, deferred inflows of resources and net position	\$ 965,367

See accompanying notes to the basic financial statements.

Conemaugh Township Area School District
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2022

	<u>Food Service</u>
Operating revenues	
Food service revenue	\$ 78,640
Total operating revenues	<u>78,640</u>
Operating expenses	
Salaries	237,783
Employee benefits	154,524
Purchased property services	788
Supplies	405,214
Depreciation	<u>28,242</u>
Total operating expenses	<u>826,551</u>
Operating income (loss)	<u>(747,911)</u>
Nonoperating revenues (expenses)	
Earnings on investments	1,079
State sources	84,405
Federal sources	<u>893,181</u>
Total nonoperating revenues (expenses)	<u>978,665</u>
Income (loss) before contributions and transfers	<u>230,754</u>
Contributions and transfers	
Capital contributions	<u>342,811</u>
Change in net position	573,565
Total net position, beginning of year	<u>279,132</u>
Total net position, end of year	<u>\$ 852,697</u>

See accompanying notes to the basic financial statements.

**Conemaugh Township Area School District
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2022**

	<u>Food Service</u>
Cash flows from operating activities	
Cash received from users	\$ 79,108
Cash payments to employees for services	(234,662)
Cash payments to suppliers for goods and services	(562,248)
Net cash provided by (used for) operating activities	(717,802)
Cash flows from non-capital financing activities	
State sources	85,332
Federal sources	950,016
Net cash provided by (used for) non-capital financing activities	1,035,348
Cash flows from investing activities	
Earnings on investments	1,079
Net cash provided by (used for) investing activities	1,079
Net increase (decrease) in cash and cash equivalents	318,625
Cash and cash equivalents, beginning of year	93,428
Cash and cash equivalents, end of year	\$ 412,053
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (747,911)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	28,242
(Increase) decrease in inventories	9,367
Increase (decrease) in accounts payable	(11,089)
Increase (decrease) in accrued salaries/benefits	3,121
Increase (decrease) in unearned revenue	468
Total adjustments	30,109
Net cash provided by (used for) operating activities	\$ (717,802)
Non-cash Transactions	
Capital assets financed by capital projects fund	\$ 342,811

See accompanying notes to the basic financial statements.

**Conemaugh Township Area School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022**

	<u>Custodial Fund</u>
Assets	
Cash and cash equivalents	\$ 60,381
Total assets	60,381
Deferred Outflows of Resources	0
Total assets and deferred outflows of resources	\$ 60,381
Liabilities	\$ 0
Total liabilities	0
Deferred Inflows of Resources	0
Net Position	
Restricted for student organizations	60,381
Total net position	60,381
Total liabilities, deferred inflows of resources, and net position	\$ 60,381

See accompanying notes to the basic financial statements.

**Conemaugh Township Area School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2022**

	Custodial Fund
Additions:	
Gifts and contributions	\$ 1,889
Interest income	425
Fundraising	114,418
Total additions	116,732
 Deductions:	
Events and supplies	121,221
Total deductions	121,221
Change in net position	(4,489)
Net position, beginning of year	64,870
Net position, end of year	\$ 60,381

See accompanying notes to the basic financial statements.

Conemaugh Township Area School District
Notes to Financial Statements
June 30, 2022

1. Description of School District and Reporting Entity

The Conemaugh Township Area School District is a Local Education Agency of the third class, governed by a nine-member publicly elected board, located in the Commonwealth of Pennsylvania. The District has approximately 1,020 enrolled students and operates two school buildings, including an elementary school (grades K-5) and a middle/senior high school (grades 6-12). The District also participates in a local area vocational/technical school with various other districts.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Conemaugh Township Area School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable or other organizations whose nature and significant relationship with the School District are such that exclusion would cause the School District's financial statements to be misleading. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (1) either the School District's ability to impose its will on the organization; or (2) there is potential for the organization to provide a financial benefit to or impose a financial burden on the School District. The School District has no component units.

2. Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of these accounting policies are described below.

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

Conemaugh Township Area School District
Notes to Financial Statements
June 30, 2022

The statement of net position presents the financial condition of the governmental and business-type activities of the School District at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of goods and services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements

Fund financial statements are also provided in the report for all governmental funds, proprietary funds, and the fiduciary funds of the School District. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund statements. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

B. Fund Accounting

The School District uses funds to maintain its financial record during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources, and liabilities and deferred inflows of resources, is reported as fund balance. The following are the School District's major governmental funds:

General Fund – The general fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund – Accounts for financial resources restricted for the acquisition, construction, renovation, and deferred maintenance of major capital facilities or equipment, and for debt service.

Proprietary Funds

Proprietary funds focus on the determination of net position, changes in net position and cash flows and are classified as either internal service or enterprise funds. Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the School District. There are no internal service funds. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods and services. The following is the School District's major enterprise fund:

Food Service Fund – This fund accounts for the financial transactions related to the food service operation of the School District.

Conemaugh Township Area School District
Notes to Financial Statements
June 30, 2022

Fiduciary Fund

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District has no trust funds. The custodial funds are used to report fiduciary activities that are not required to be reported as another fiduciary fund type. The School District's custodial fund accounts for those student activity programs which have student participation in the activity and have students involved in the management of the program.

C. Measurement Focus

Government-wide Financial Statements

Government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the School District are included on the statement of net position.

Fund Financial Statements

Fund financial statements are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e. revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the proprietary fund is accounted for on a flow of economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e. revenues) and decreases (i.e. expenses) in net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

Proprietary Fund types distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Food Service fund are charges for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary funds are reported using the economic resources measurement focus.

Conemaugh Township Area School District
Notes to Financial Statements
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D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue and deferred inflows and outflows of resources, and in the presentation of expenses versus expenditures. Unearned revenues are addressed in Note 2M, and deferred inflows/outflows of resources in Note 2N.

Revenues - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 5). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: property taxes available as an advance, interest, tuition, grants, fees and rentals.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Budgetary Data

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

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

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

Conemaugh Township Area School District
Notes to Financial Statements
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The School District is required to adopt a proposed budget at least thirty (30) days prior to adoption of the annual budget. The proposed budget shall be printed or otherwise made available for public inspection to all persons and shall be made available for duplication to any person, on request, at least twenty (20) days prior to the date set for the adoption of the budget. Final action shall not be taken on the proposed budget until after ten (10) days of public notice.

The Board of Directors may make transfers of funds appropriated to any particular item of expenditure by legislative action. An affirmative vote of two-thirds of all members of the board is required. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2022.

Fund balances in Budgetary Funds may be appropriated based on resolutions passed by the Board of Education, which authorized the School District to make expenditures. Appropriations lapse at the end of the fiscal period. In order to preserve a portion of an appropriation for which an expenditure has been committed by a purchase order contract, or other form of commitment, an encumbrance is recorded.

Included in the General Fund budget are program budgets as prescribed by the State and Federal agencies funding the program. These budgets are approved on a program by program basis by the State or Federal funding agency.

An Enterprise fund budget is not adopted; however, a formal budget is prepared and approved by management and expenditures are controlled on the basis of this budget.

F. Investment Valuation

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2022, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed. Prepaid expenses at June 30, 2022 consists at various subscriptions.

H. Inventory

On government-wide financial statements inventories are presented at the lower cost or market on a first-in, first-out basis and are expensed when used.

Inventories in governmental funds are stated at cost by the first-in, first-out method and consist of supplies held for consumption. The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, an estimated value of inventories (\$50,000) is reported as an asset in the General Fund. The inventories in the General Fund are equally offset by nonspendable fund balance which indicates they do not constitute "available spendable resources" even though they are a component of net current assets. The General Fund is the only governmental fund that has material inventory balances as of June 30, 2022.

**Conemaugh Township Area School District
Notes to Financial Statements
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A physical inventory of the Food Service Fund food and supplies was taken as of June 30, 2022. The inventory consisted of government donated commodities which were valued at estimated fair market value, and purchased commodities and supplies, both valued at cost using the first-in, first-out (FIFO) method. Any unused commodities donated by the federal government at June 30, 2022 are reported as unearned revenue.

I. Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets used by the proprietary fund are reported in both the business-type activities column on the government-wide statement of net position and in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of fifteen hundred dollars (\$1,500). The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings and Improvements	15 - 40 years
Furniture and Equipment	5 - 20 years
Site Improvements	15 - 30 years

J. Original Issue Discounts

Bond discounts are reported as direct adjustments to the face amount of the bond and are deferred and amortized over the life of the bond using the straight-line method of amortization.

K. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." In governmental fund financial statements, advances between funds are offset by an amount reported as nonspendable fund balance to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are determined to be collectible, and no allowance has been established.

Receivables from and payables to external parties are reported separately and are not offset in the proprietary fund financial statements and business-type activities of the government-wide financial statements, unless a right of offset exists.

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L. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

M. Unearned Revenues

The District reports unearned revenue on its government-wide and fund financial statements. Unearned revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period (fund financial statements). Unearned revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures (fund financial statements and government-wide financial statements). In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the applicable financial statement and revenue is recognized.

N. Deferred Outflows/Inflows of Resources

Deferred Outflows of Resources

The District reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its government-wide statement of net position. The deferred outflows of resources reported in this year’s financial statements include those related to the District’s cost-sharing, multi-employer defined benefit pension plan, as well as those related to the District’s other post-employment benefits (OPEB). Depending on the nature of the deferred outflow, they may be amortized to expense over 5 years, or over the average remaining service lives of employees. See further detail on deferred outflows of resources related to the pension plan at Note 10, and to OPEB at Notes 11 and 12.

The District also reports deferred loss on the refunding of debt as a deferred outflow of resources in the government-wide statement of net position. The loss is recognized as a component of interest expense on a straight-line basis over the term of the corresponding debt (25 years). Accordingly, at June 30, 2022, the District reports a deferred outflow of resources of \$97,542, net of accumulated amortization of \$37,391.

No deferred outflows of resources affect the fund financial statements in the current year.

Deferred Inflows of Resources

The District’s statement of net position and its governmental fund balance sheet report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to a future period(s). The deferred inflows of resources reported on the District’s statement of net position include those related to the District’s cost-sharing, multi-employer defined benefit pension plan, as well as those related to the District’s other post-employment benefits (OPEB). Depending on the nature of the deferred inflow, they may be amortized to expense over 5 years, or over the average remaining service lives of employees. See further detail on deferred inflows of resources related to the pension plan at Note 10, and to OPEB at Notes 11 and 12.

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In the District’s governmental funds, the only deferred inflow of resources is for revenues that are not considered available. The District will not recognize the related revenues until they are available (collected not later than 60 days after the end of the District’s fiscal year) under the modified accrual basis of accounting. Accordingly, unavailable revenues from property taxes are reported in the governmental funds balance sheet as a deferred inflow of resources (\$1,282,737).

O. Fund Balance Classification

GASB Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*,” provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable Fund Balance – amounts that are in nonspendable form (such as inventory or prepaid items) or are legally or contractually required to be maintained intact.
- Restricted Fund Balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed Fund Balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., School Board). 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.
- Assigned Fund Balance – amounts the District intends to use for a specific purpose. Intent can be expressed by the School Board or by an official or body to which the School Board delegates the authority.
- Unassigned Fund Balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

As of June 30, 2022, fund balance components, other than unassigned, consist of the following:

	Nonspendable	Restricted	Assigned
General Fund:			
Inventory	\$ 50,000	\$ 0	\$ 0
Prepaid expense	71,839	0	0
Future debt service payments (Greater Johnstown CTC building project)	0	0	2,300,000
Capital Projects Fund	0	1,230,807	0
Total	\$ 121,839	\$ 1,230,807	\$ 2,300,000

The School Board establishes (and modifies or rescinds) fund balance commitments by resolution of the board. A fund balance commitment is further indicated in the budget document as a commitment of the fund. Assigned fund balance may be established by the Business Manager and/or Superintendent, as delegated by the School Board.

Conemaugh Township Area School District
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The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

P. Net Position

Net position represents the assets and deferred outflows of resources, net of liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

The government-wide statement of net position reports \$1,230,807 of restricted net position, which is restricted by enabling legislation for capital projects.

Q. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

R. Multi-Employer Benefit Plans

Pension Plan

Substantially all full-time and part-time employees of the District participate in a cost-sharing, multi-employer defined benefit pension plan. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires cost-sharing employers such as the District to recognize a liability for their proportionate share of the collective net pension liability. The standard further requires the District to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions for its proportionate share of collective pension expense and collective deferred outflows and inflows of resources related to pensions.

Other Post-Employment Benefits (OPEB)

The Public School Employees Retirement System (PSERS) provides a health insurance premium assistance program, which is a governmental cost-sharing, multiple employer OPEB plan for all eligible District retirees who qualify and elect to participate. GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, requires cost-sharing employers such as the District to recognize a liability for their proportionate share of the collective net OPEB liability. The Standard further requires the District to recognize OPEB expense and report deferred outflows of resources and deferred inflows of resources related to OPEB for its proportionate shares of collective OPEB expense and collective deferred outflows and inflows of resources related to OPEB.

Conemaugh Township Area School District
Notes to Financial Statements
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For purposes of measuring the aforementioned net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pension 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 (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms, and investments are reported at fair value.

3. Cash and Cash Equivalents

Under Section 440.1 of the Public School Code of 1949, as amended, the District is permitted to invest its monies as follows:

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, or (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.

Deposits in savings or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law is pledged by the depository.

Shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, provided certain requirements are met.

Repurchase agreements with respect to U. S. Treasury bills or obligations.

Local Government Investment Pools (LGIPs) which include, but are not limited to, the Pennsylvania School District Liquid Asset Fund (PSDLAF) and the Pennsylvania Local Government Investment Trust (PLGIT).

Under Pennsylvania Act 10 of 2016, effective May 24, 2016, all Pennsylvania local governments, including school districts, have additional investment options including commercial paper, bankers' acceptances, and negotiable certificates of deposit. These additional investments are subject to maturity terms and credit rating requirements, as defined in the Act. However, due to the collateralization requirements of the Code and because negotiable certificates of deposit do not exist in the current investment market in a collateralized form to satisfy the requirements, they are not an investment lawfully available to school districts at this time.

The deposit and investment policy of the school district adheres to state statutes and prudent business practice. Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and include investments with original maturities of three months or less. Cash and cash equivalents include demand deposits at local financial institutions, in addition to cash on hand of \$200. The market values of deposits are equal to the cost of the deposits.

Conemaugh Township Area School District
Notes to Financial Statements
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Cash

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District does not have a policy for custodial credit risk, however the District’s deposits in excess of the FDIC limit are collateralized in accordance with the Pennsylvania Security for Public Deposit Act. As of June 30, 2022, \$8,152,231 of the District’s bank balance of \$8,402,231 was exposed to custodial risk as:

Collateralized with securities held by the pledging financial institution	\$ 0
Collateralized with securities held by the pledging financial institution	0
Uninsured and collateral held by the pledging bank's trust department not in the District's name	8,152,231
Total	\$ 8,152,231

Reconciliation to Financial Statements

Uninsured amount above	\$ 8,152,231
Plus: Insured amount	250,000
Less: Outstanding checks	(16,025)
Carrying amount - bank balances	8,386,206
Plus: Petty cash	200
Total cash per financial statements	\$ 8,386,406

4. Real Estate Taxes

Real estate taxes for the School District are collected from the Borough of Benson and the Townships of Conemaugh and West Paint. The tax on real estate for public school purposes for fiscal 2021 was 27.96 mills (\$27.96 per \$1,000 of assessed valuation) as levied by the Board. Assessed valuations of property (\$106,008,520) are determined by Somerset County, and the elected tax collectors are responsible for collection. The schedule for real estate taxes levied for each fiscal year is as follows:

July 1	- Levy Date
July 1 - September 30	- 2% Discount Period
October 1 - November 30	- Face Payment Period
December 1 - December 31	- 10% Penalty Period
January 15	- Lien Date

5. Taxes Receivable

The elected tax collectors are required to return any uncollected taxes to the county’s tax claim bureau by January 15. It has been determined the amount of outstanding taxes as of June 30, 2022 is \$1,380,604. The School District, in accordance with accounting principles generally accepted in the United States of America, recognized the delinquent and unpaid taxes receivable. An allowance for uncollectible taxes was not established by the administration. A portion of the amount estimated to be collectible, which was measurable and available within 60 days, was recognized as revenue and the balance recorded as a deferred inflow of resources in the fund financial statements.

Conemaugh Township Area School District
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Uncollected taxes for the year ended June 30, 2022:

Realty Transfer Tax	\$ 12,286
Delinquent Real Estate	72,618
Earned Income Taxes	12,940
Occupation Taxes	<u>23</u>
Uncollected Taxes Recognized as Revenue (received within 60 days)	97,867
Real Estate Taxes - Deferred Inflow of Resources	<u>1,282,737</u>
Total Taxes Receivable	<u><u>\$ 1,380,604</u></u>

6. Unearned Revenues

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Unearned revenues of \$41,969 in the General Fund represent unexpended grant funds. Unearned revenues of \$73,344 in the Proprietary Fund represent unexpended grant funds (\$21,962), credits on student cafeteria accounts (\$8,545), and donated commodities inventory on hand (\$42,837) at June 30, 2022.

7. Due From Other Governments

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, 2022, the following amounts are due from other governmental units:

<u>Due From</u>	<u>General Fund</u>	<u>Proprietary Fund</u>
Federal	\$ 149,330	\$ 4,660
State	588,748	158
Local	<u>0</u>	<u>0</u>
	<u><u>\$ 738,078</u></u>	<u><u>\$ 4,818</u></u>

Conemaugh Township Area School District
Notes to Financial Statements
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8. Capital Assets

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

	Beginning Balance	Additions	Transfers/ Deductions	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 46,560	\$ 0	\$ 0	\$ 46,560
Construction in progress	21,319	84,795	0	106,114
Total capital assets, not being depreciated	<u>67,879</u>	<u>84,795</u>	<u>0</u>	<u>152,674</u>
Capital assets, being depreciated:				
Buildings and improvements	27,239,762	16,611	0	27,256,373
Furniture and equipment	4,666,931	105,846	0	4,772,777
Site improvements	4,268,781	14,010	0	4,282,791
Total capital assets, being depreciated	<u>36,175,474</u>	<u>136,467</u>	<u>0</u>	<u>36,311,941</u>
Less accumulated depreciation:				
Buildings and improvements	13,061,515	711,372	0	13,772,887
Furniture and equipment	3,730,789	156,784	0	3,887,573
Site improvements	2,770,482	157,094	0	2,927,576
Total accumulated depreciation	<u>19,562,786</u>	<u>1,025,250</u>	<u>0</u>	<u>20,588,036</u>
Total capital assets, being depreciated, net	<u>16,612,688</u>	<u>(888,783)</u>	<u>0</u>	<u>15,723,905</u>
Governmental activities capital assets, net	<u>\$ 16,680,567</u>	<u>\$ (803,988)</u>	<u>\$ 0</u>	<u>\$ 15,876,579</u>
Business-Type Activities				
Capital assets, not being depreciated:				
Construction in progress	\$ 55,278	\$ 24,694	\$ (55,278)	\$ 24,694
Total capital assets, not being depreciated	<u>55,278</u>	<u>24,694</u>	<u>(55,278)</u>	<u>24,694</u>
Capital assets, being depreciated:				
Equipment	533,188	318,117	55,278	\$ 906,583
Total capital assets, being depreciated	<u>533,188</u>	<u>318,117</u>	<u>55,278</u>	<u>906,583</u>
Less accumulated depreciation:				
Equipment	408,773	28,242	0	437,015
Total accumulated depreciation	<u>408,773</u>	<u>28,242</u>	<u>0</u>	<u>437,015</u>
Total capital assets, being depreciated, net	<u>124,415</u>	<u>289,875</u>	<u>55,278</u>	<u>469,568</u>
Business-type activities capital assets, net	<u>\$ 179,693</u>	<u>\$ 314,569</u>	<u>\$ 0</u>	<u>\$ 494,262</u>

Conemaugh Township Area School District
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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

Instruction	\$ 605,923
Instruction support	68,692
Administration and finance	144,560
Operation and maintenance of plant	118,929
Pupil transportation	57,414
Student activities	<u>29,732</u>
Total depreciation expense - governmental activities	<u>\$ 1,025,250</u>

9. Defined Benefit Pension Plan

Plan Description

The District contributes to a governmental cost-sharing multiple-employer defined benefit pension plan administered by Pennsylvania Public School Employee’s Retirement System (PSERS). Benefit provisions of the plan are established under the provisions of the Pennsylvania Public School Employees’ Retirement Code (the Code) and may be amended by an act of the Pennsylvania State Legislature. The plan provides retirement and disability, legislatively mandated ad hoc cost-of-living adjustments, and healthcare insurance premium assistance to qualifying plan members and beneficiaries. It also provides for refunds of a member’s accumulated contribution upon termination of a member’s employment in the public school sector. The members eligible to participate in the plan include all full-time employees, part-time hourly employees who render at least 500 hours of service in the school year, and part-time per diem employees who render at least 80 days of service in the school year. PSERS issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained at www.psers.pa.gov.

Funding Policy

The contribution policy is set by the Code and requires contributions by active members, employers, and the Commonwealth.

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who became new members on or after July 1, 2011.

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

Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member’s final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member’s right to the

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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.

Act 5 of 2017 (Act 5) introduced a hybrid benefit plan with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, Membership Class DC (Class DC).

Class T-G and Class T-H members who qualify for a defined benefit normal retirement benefit must work until age 67 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 97 with a minimum 35 years of service.

Defined benefits for T-G and T-H are 1.25% or 1.00%, depending upon membership class, of the member's final average salary (as defined by the Code) multiplied by the number of years of credited service. A member's right to a defined benefit is vested in 10 years.

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 PSERS 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 PSERS 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 PSERS after June 30, 2001 and before July 1, 2011, contribute at 7.5% (automatic Membership Class T-D). For all new hires and for new members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

Members who joined PSERS 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%.

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Members who joined PSERS after June 30, 2019, are defaulted into Membership Class T-G rate of 8.25% base rate) of the member’s qualifying compensation. Members may elect Class T-H which has a rate of 7.50%. Each of these classes are a hybrid of defined benefit and defined contribution plans. Members may also elect Class DC, which is a defined contribution plan with a rate of 7.50%.

Employer Contributions:

The contribution required of participating employers is based on an actuarial valuation and is expressed as a percentage of annual covered payroll during the period for which the amount is determined. Before July 1, 1995, the school district and the Commonwealth shared the employer contribution rate equally. Since July 1, 1995, the school districts are required to pay the entire employer contribution rate and are reimbursed by the Commonwealth in an amount equal to the Commonwealth’s share as determined by the market value/personal income aid ratio (as defined in Act 29 of 1994), which is at least one-half of the total employer rate.

The District’s contractually required contribution rate, 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. For the fiscal year ended June 30, 2022, the rate of the employer’s contribution was 34.94 percent of covered payroll. The 34.94 percent rate is composed of a pension contribution rate of 33.99 percent for pension defined benefits, 0.80 percent for healthcare insurance premium assistance, and 0.15 percent for the Act 5 defined contribution plan. Conemaugh Township Area School District’s contributions to PSERS for the year ending June 30, 2022 were \$2,174,390. These contributions include \$9,334 to the defined contribution plan for the year ended June 30, 2022.

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

At June 30, 2022, the District reported a liability of \$17,531,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by rolling forward PSERS’ total pension liability as of June 30, 2020 to June 30, 2021. The District’s proportion of the net pension liability was calculated utilizing the employer’s one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2021, the District’s proportion was 0.0427%, which was an increase of 0.0003% over its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$984,528. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 13,000	\$ 230,000
Changes in assumptions	850,000	0
Net difference between projected and actual investment earnings	0	2,791,000
Changes in proportions	180,000	177,000
Difference between employer contributions and proportionate share of total contributions	0	0
Contributions subsequent to the measurement date	2,115,270	0
	\$ 3,158,270	\$ 3,198,000

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\$2,115,270, reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts, reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in the pension expense as follows:

Year Ended June 30:	
2023	\$ (682,000)
2024	(268,000)
2025	(303,000)
2026	(902,000)
2027	0
Thereafter	0
	<u>\$ (2,155,000)</u>

Actuarial Assumptions

The total pension liability as of June 30, 2021 was determined by rolling forward the PSERS' total pension liability as of the June 30, 2020 actuarial valuation to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement.

- The Investment Rate of Return was 7.00%.
- The inflation assumption was 2.50%.
- Salary growth at an effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the total pension liability decreased from 7.25% as of June 30, 2020 to 7.00% as of June 30, 2021.

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

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

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

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

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

Discount Rate

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

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

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

	<u>1% Decrease 6.00%</u>	<u>Current Discount Rate 7.00%</u>	<u>1% Increase 8.00%</u>
District's proportionate share of the net pension liability	\$ 23,010,000	\$ 17,531,000	\$ 12,909,000

Pension Plan Fiduciary Net Position

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

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11. Post-employment Benefit Plans – PSERS Health Insurance Premium Assistance Program

Plan Description

PSERS 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 PSERS system can participate in the Premium Assistance program if they satisfy the following criteria:

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

Benefits Provided

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

Employer Contributions

The school district's contractually required rate for the fiscal year ended June 30, 2022 was 0.80% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$49,786 for the year ended June 30, 2022.

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

At June 30, 2022 the District reported a liability of \$1,011,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward PSERS' total OPEB liability as of June 30, 2020 to June 30, 2021. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2021, the District's proportion was 0.0426%, which was an increase of 0.0002% over its proportion measured as of June 30, 2020.

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For the year ended June 30, 2022, the District recognized OPEB expense of \$57,443. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 9,000	\$ 0
Changes in assumptions	108,000	13,000
Net difference between projected and actual investment earnings	2,000	0
Changes in proportions	14,000	30,000
Difference between employer contributions and proportionate share of total contributions	0	0
Contributions subsequent to the measurement date	49,786	0
	\$ 182,786	\$ 43,000

\$49,786 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,		
2023	\$	12,000
2024		12,000
2025		16,000
2026		17,000
2027		18,000
Thereafter		15,000
	\$	90,000

Actuarial Assumptions

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

- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return – 2.18% - S&P 20-Year Municipal Bond Rate.
- Salary growth – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on 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.

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- Participation rate:
 - Eligible retirees will elect to participate Pre-age 65 at 50%
 - Eligible retirees will elect to participate Post-age 65 at 70%

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

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2019 determined the employer contribution rate for fiscal year 2021.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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	79.8%	0.10%
US Core Fixed Income	17.5%	0.70%
Non-US Developed Fixed	2.7%	-0.30%
	100.0%	

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

Discount Rate

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

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

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

	1% Decrease 1.18%	Current Discount Rate 2.18%	1% Increase 3.18%
District's proportionate share of the net OPEB liability	\$ 1,160,000	\$ 1,011,000	\$ 888,000

Sensitivity of the District’s Proportionate Share of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2021, retirees’ Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2021, 93,392 retirees from the PSERS system were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2021, 611 PSERS members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on healthcare cost trends as depicted below.

The following presents the District’s net OPEB liability for June 30, 2021, calculated using current healthcare cost trends as well as what the District’s net OPEB liability would be if the healthcare cost trends were 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 1,011,000	\$ 1,011,000	\$ 1,011,000

OPEB Plan Fiduciary Net Position

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

12. Post-employment Benefit Plan – District Specific Plan

Plan Description

The District School Board of Directors administers a single-employer defined benefit postemployment benefit (OPEB) plan (the “Plan”) that is used to provide continuation of medical and pharmacy benefits to employees who retire from the District, in addition to a retirement cash bonus (\$1,500 plus \$50 for each year of service). Plan provisions are established based on bargaining agreements negotiated by the District. The plan is unfunded and no financial report is prepared.

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Eligibility

- A. Teachers and Administrators:
 - a) Healthcare
 - i) District incentive – 30 years of PSERS service, including at least 15 years with the District, and PSERS retirement eligibility
 - ii) Act 110/43 – if employee does not meet District incentive requirements
 - b) Cash bonus – 15 years of District service and PSERS retirement eligibility
- B. Support Staff:
 - a) Healthcare – Eligibility for Act 110/43
 - b) Cash Bonus – 15 years of District service and PSERS retirement eligibility

Duration of Healthcare Benefits

Teachers and Administrators eligible for District incentive:

Retirees receive coverage until age 65 or qualification for Medicare if earlier. Spousal coverage can also be purchased. Spousal coverage ceases with the cessation of retiree coverage, or upon spouse's attainment of age 65 or qualification for Medicare if earlier.

Teachers and Administrators eligible for Act 110/43:

Retirees can purchase coverage until the earlier of age 65 or qualification for Medicare. Spousal coverage can also be purchased. Spousal coverage ceases with the cessation of retiree coverage, or upon spouse's attainment of age 65 or qualification for Medicare if earlier.

Support Staff:

Retirees can purchase coverage until the earlier of age 65 or qualification for Medicare. Spousal coverage can also be purchased. Spousal coverage ceases with the cessation of retiree coverage, or upon spouse's attainment of age 65 or qualification for Medicare if earlier.

Participant Contributions

- A. Teachers and Administrators:
 - a) Eligible for District Incentive
 - i) Retiree contributes the amount of increases in premium rate post-retirement, subject to the District portion being capped at a maximum
 - ii) Spouse – premium rate
 - b) Eligible under Act 110/43 – premium rate

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B. Support Staff – premium rate

The number of participants as of July 1, 2021, the effective date of the most recent OPEB valuation, follows. There have been no significant changes in the number covered or the type of coverage since that date.

	District
Active employees	106
Retired employees	11
Spouses of retired employees	<u>1</u>
Total	<u><u>118</u></u>

Funding Policy

The contribution requirements of the plan members and the District are established and may be amended by the School Board of Directors. No assets are accumulated in a trust that meets the criteria of GASB Statement No. 75. The plan is funded on a pay-as-you-go basis, i.e. premiums are paid annually to fund the healthcare benefits provided to current retirees, primarily through annual appropriations from the General Fund.

Net OPEB Liability

The District’s net OPEB liability of \$1,652,000 was measured as of June 30, 2021 and was rolled forward using actuarial assumptions to the valuation date of June 30, 2022.

Actuarial Assumptions and Other Inputs

- Discount Rate – 3.54% as of June 30, 2022.
- Healthcare Cost Trend Rates - 5.70% for 2023, decreasing to an ultimate rate of 3.70% by 2075.
- The discount rate was based on the Bond Buyer 20-year Bond GO Index.
- Mortality rates are assumed using the PubG-H2010 Mortality Tables adjusted to reflect Mortality Improvement Scale MP-2021 from 2010 base year and projected forward on a generational basis with Scale MP-2021.

Changes in the District’s net OPEB liability for the plan for the fiscal year ended June 30, 2022 was as follows:

Balance at July 1, 2021	\$ 1,702,000
Service cost	91,000
Interest	35,000
Plan changes	55,000
Liability gains/losses	199,000
Changes in assumptions	(297,000)
Benefit payments	<u>(133,000)</u>
Net changes	<u>(50,000)</u>
Balance at June 30, 2022	<u><u>\$ 1,652,000</u></u>

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Sensitivity of the Net OPEB Liability to Changes in Discount Rate

The following presents the net OPEB liability, calculated using the valuation discount rate of 3.54%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.54%) or 1 percentage point higher (4.54%) than the current discount rate.

	1% Decrease 2.54%	Current Rate 3.54%	1% Increase 4.54%
District's net OPEB liability	\$ 1,793,000	\$ 1,652,000	\$ 1,518,000

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

The following presents the net OPEB liability, calculated using the valuation healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher than the current trend rate.

	1% Decrease	Current Rate	1% Increase
District's net OPEB liability	\$ 1,524,000	\$ 1,652,000	\$ 1,803,000

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the District recognized OPEB expense of \$193,000. At June 30, 2022, the District reported deferred outflows and inflows related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 203,000	\$ 0
Changes in assumptions	68,000	298,000
	\$ 271,000	\$ 298,000

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

Year Ended June 30,	
2023	\$ 12,000
2024	14,000
2025	5,000
2026	(10,000)
2027	(12,000)
Thereafter	(36,000)
	\$ (27,000)

Economic/demographic (gains)/losses and assumption changes are recognized over the average remaining service life for all active and inactive members.

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13. Long-Term Obligations

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

	Bonds Payable	Compensated Absences	Total General Long-term Obligations
Beginning of year	\$ 9,875,000	\$ 284,850	\$ 10,159,850
Additions	0	0	0
Principal retirement	(425,000)	0	(425,000)
Changes in compensated absences	0	4,443	4,443
End of year	9,450,000	289,293	9,739,293
Less: current portion	(440,000)	(22,185)	(462,185)
Less: Original issue discount, net	(18,498)	0	(18,498)
Long-term liabilities	<u>\$ 8,991,502</u>	<u>\$ 267,108</u>	<u>\$ 9,258,610</u>

The future annual payments required to amortize all outstanding debt and obligations, except for the compensated absences, as of June 30, 2022, including total interest payments are as follows:

Year Ended June 30,	General Obligation Bonds		
	Interest	Principal	Total
2023	\$ 262,646	\$ 440,000	\$ 702,646
2024	246,962	490,000	736,962
2025	230,765	515,000	745,765
2026	217,765	525,000	742,765
2027	205,184	535,000	740,184
2028-2032	810,681	2,885,000	3,695,681
2033-2037	373,250	3,195,000	3,568,250
2038-2039	20,382	865,000	885,382
	<u>\$ 2,367,635</u>	<u>\$ 9,450,000</u>	<u>\$ 11,817,635</u>

General Obligation Bonds, Series of 2019

The District issued General Obligation Bonds, Series of 2019, dated June 4, 2019, in the principal amount of \$10,000,000. The proceeds of the bonds were used to refund the District's General Obligation Bonds, Series of 2012 (\$6,425,000) and a portion of the District's General Obligation Bonds, Series of 2014 (\$2,620,000); fund various capital projects within the District; and to pay all costs incidental to the issuance of these bonds. The present value of the net economic gain the School District realized as a result of the refunding of the Series of 2012 bonds and the portion of the Series of 2014 bonds is \$259,485. The bonds bear interest rates ranging from 1.80% to 3.10% with annual principal maturities from December 2019 through December 2038. The balance outstanding at June 30, 2022 was \$9,265,000.

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General Obligation Bonds, Series of 2014

The District issued General Obligation Bonds, Series of 2014, dated June 17, 2014, in the principal amount of \$4,095,000. The proceeds of the bonds were used to fund various capital improvements to the facilities of the School District, refund the District's 2006 lease agreement with the Banc of America, and to pay all costs and expenses incurred by the District in connection with the issuance and sale of these bonds. The bonds bear interest rates ranging from 0.37% to 4.00% with annual principal maturities from March 2015 through September 2035. Due to the aforementioned refunding of a portion of the Series of 2014 bonds, the final maturity is September 2024. The balance outstanding at June 30, 2022 was \$185,000.

Accumulated Compensated Absences

In accordance with accounting principles generally accepted in the United States of America, the District accrues liabilities for compensated absences. Compensated absences reflect the potential cost of sick leave earned by employees as of June 30, 2022. The School District allows all employees to accumulate their unused sick leave. Upon retirement, eligible employees shall receive separation benefits based upon the total days of unused sick leave accumulated while in the employ of Conemaugh Township Area School District at the rate of \$40 per day for the first 100 days, \$50 per day for days 101-200 and \$60 per day for accumulated unused days in excess of 200. The School District has computed a total liability of \$289,293 at June 30, 2022 with \$250,017 reflected in the general fund and \$39,276 reflected in the proprietary fund. Due to the nature of the obligation for accrued separation benefits, annual requirements to amortize such obligations are not determinable and have not been presented.

14. Interfund Transactions

Interfund transfers during the year end June 30, 2022 consisted of the following:

	<u>Transfer in</u>	<u>Transfer out</u>
General Fund (Major Fund)	\$ 0	\$500,000
Capital Projects Fund (Major Fund)	<u>500,000</u>	<u>0</u>
	<u>\$500,000</u>	<u>\$500,000</u>

In fiscal year 2022, the District transferred funds to the Capital Projects Fund to assist with capital expenditures.

15. Contingent Liabilities

Grant Programs

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

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June 30, 2022

16. Self Insurance - Medical Insurance

The School District is participating in the insurance consortium with the Greater Johnstown Area Consortium to provide for the medical care for eligible employees and their dependents. The consortium, which administers the plan, monitors the school's deposits into the school district trust account to be held for the benefits described above and Highmark Services, the plan administrator, processes and pays the claims. The consortium limits its liability by purchasing stop-loss insurance coverage. Conemaugh Township Area School District's liability at June 30, 2022 for unpaid claims incurred prior to the fiscal year end is not readily determinable. No liability has been recorded for these claims at June 30, 2022 as the District recognizes medical claim expense as claims are paid.

17. Risk Management

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has purchased various insurance policies to safeguard its assets from risk of loss. Insurance coverage appears to be consistent with previous years. During the year ended June 30, 2022 and the two previous fiscal years, no settlements exceeded insurance coverage.

18. Related Party Transactions

Intermediate Unit Participation

The District is a member of Appalachia Intermediate Unit 8. The District avails itself of various services provided by this membership including special education, curriculum development, and certain internal service functions. The total of services provided to Conemaugh Township Area School District for the year ended June 30, 2022 for IU8 programs amounted to \$105,244. At June 30, 2022, the District had a balance due to Appalachia IU8 of \$9,446 for services.

Jointly Governed Organization

The District governs, with several other school districts, the Greater Johnstown Area Vocational-Technical School. Each district is represented on the vo-tech's school board. However, no on-going financial interest or responsibility exists between the School District and the vo-tech. Students of the District have available at the Vocational-Technical School courses and curriculums related to the technical training fields. Costs of the Vocational-Technical School are shared with other local school districts. Conemaugh Township Area School District made direct payments totaling \$390,017 for the current year's operations.

19. Economic Dependency

Conemaugh Township Area School District receives approximately 67% of its revenue from the State of Pennsylvania in the form of state subsidies. Changes in funding levels by the State could have a material effect on future operations of the District.

Conemaugh Township Area School District
Notes to Financial Statements
June 30, 2022

20. Nonmonetary Transactions

The District receives one of its federal program subsidies by means of noncash transfer. The U.S. Department of Agriculture, through the Pennsylvania Department of Agriculture, provides food commodities under the National School Lunch Program. These nonmonetary commodity items are valued at market values and recorded as revenue as utilized. The total food commodities donated by the federal government for the fiscal year 2022 totaled \$41,729.

21. Restatement of Net Position and Fund Balance

The net position of the governmental activities, as well as the fund balance of the general fund, was restated to correct for understated receivables (\$6,547) and understated accounts payable (\$49,671). These restatements are reflected on both the fund financial statements and the government-wide financial statements, resulting in a decrease in fund balance and net position of \$43,144.

22. Change in Accounting Principle

For the year ended June 30, 2022, the District adopted the provisions of GASB Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of financial statements by requiring recognition of certain lease assets and lease liabilities that were previously classified as operating leases and recognized as inflows of resources or outflows of resources, based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities. The implementation of GASB Statement No 87 had no impact on the financial statements of the District for the year ended June 30, 2022.

**Conemaugh Township Area School District
Required Supplementary Information – Pension Schedules
June 30, 2022**

Schedule of Proportionate Share of the Net Pension Liability

	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of net pension liability	0.0427%	0.0424%	0.0421%	0.0436%	0.0449%	0.0440%	0.0449%	0.0445%	0.0428%
District's proportionate share of net pension liability	\$ 17,531,000	\$ 20,877,000	\$ 19,695,000	\$ 20,930,000	\$ 22,175,000	\$ 21,805,000	\$ 19,448,000	\$ 17,614,000	\$ 17,520,000
District's covered-employee payroll*	\$ 6,045,474	\$ 5,950,273	\$ 5,800,291	\$ 5,874,285	\$ 5,976,834	\$ 5,698,286	\$ 5,781,388	\$ 5,678,784	\$ 5,498,078
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	289.99%	350.86%	339.55%	356.30%	371.02%	382.66%	336.39%	310.17%	318.66%
Plan fiduciary net position as a percentage of the total pension liability	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%	54.49%

*The District's covered employee payroll noted above is as of the measurement date of the net pension liability (June 30, 2021 and prior).

Schedule of District Contributions

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contributions	\$ 2,115,270	\$ 2,020,528	\$ 1,975,916	\$ 1,881,569	\$ 1,848,113	\$ 1,714,136	\$ 1,390,531	\$ 1,149,570	\$ 869,154
Contributions in relation to the contractually required contributions	<u>(2,115,270)</u>	<u>(2,020,528)</u>	<u>(1,975,916)</u>	<u>(1,881,569)</u>	<u>(1,848,113)</u>	<u>(1,714,136)</u>	<u>(1,390,531)</u>	<u>(1,149,570)</u>	<u>(869,154)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered-employee payroll	\$ 6,223,211	\$ 6,045,474	\$ 5,950,273	\$ 5,800,291	\$ 5,874,285	\$ 5,976,834	\$ 5,698,286	\$ 5,781,388	\$ 5,678,784
Contributions as a percentage of covered-employee payroll	33.99%	33.42%	33.21%	32.44%	31.46%	28.68%	24.40%	19.88%	15.31%

Note: These schedules are intended to present information for ten years. Additional years will be displayed prospectively as information becomes available.

See accompanying notes to the basic financial statements.

**Conemaugh Township Area School District
Required Supplementary Information-OPEB Schedules
PSERS Health Insurance Premium Assistance Program
June 30, 2022**

Schedule of Proportionate Share of the Net OPEB Liability

	2022	2021	2020	2019	2018	2017
District's proportion of net OPEB liability	0.0426%	0.0424%	0.0421%	0.0436%	0.0449%	0.0440%
District's proportionate share of net OPEB liability	\$ 1,011,000	\$ 916,000	\$ 895,000	\$ 909,000	\$ 915,000	\$ 948,000
District's covered-employee payroll*	\$ 6,045,474	\$ 5,950,273	\$ 5,800,291	\$ 5,874,285	\$ 5,976,834	\$ 5,698,286
District's proportionate share of net OPEB liability as percentage of its covered-employee payroll	16.72%	15.39%	15.43%	15.47%	15.31%	16.64%
Plan fiduciary net position as a percentage of the total OPEB liability	5.30%	5.69%	5.56%	5.56%	5.73%	5.47%

*The District's covered employee payroll noted above is as of the measurement date of the net OPEB liability (June 30, 2021 and prior).

Schedule of District Contributions

	2022	2021	2020	2019	2018	2017
Contractually required contributions	\$ 49,786	\$ 49,443	\$ 49,753	\$ 47,905	\$ 48,328	\$ 48,724
Contributions in relation to the contractually required contributions	<u>(49,786)</u>	<u>(49,443)</u>	<u>(49,753)</u>	<u>(47,905)</u>	<u>(48,328)</u>	<u>(48,724)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered-employee payroll	\$ 6,223,211	\$ 6,045,474	\$ 5,950,273	\$ 5,800,291	\$ 5,874,285	\$ 5,976,834
Contributions as a percentage of covered-employee payroll	0.80%	0.82%	0.84%	0.83%	0.82%	0.82%

Note: These schedules are intended to present information for ten years. Additional years will be displayed prospectively as information becomes available.

See accompanying notes to the basic financial statements.

**Conemaugh Township Area School District
Required Supplementary Information-OPEB Schedules
District Specific Plan
June 30, 2022**

Schedule of Changes in District's OPEB liability:

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Service cost	\$ 91,000	\$ 88,000	\$ 86,000	\$ 83,000
Interest	35,000	36,000	63,000	67,000
Plan changes	55,000	0	(136,000)	0
Liability gains/losses	199,000	0	39,000	0
Changes of assumptions	(297,000)	9,000	(49,000)	87,000
Benefit payments	(133,000)	(146,000)	(156,000)	(182,000)
Net change in total OPEB liability	(50,000)	(13,000)	(153,000)	55,000
Total OPEB liability - beginning	<u>1,702,000</u>	<u>1,715,000</u>	<u>1,868,000</u>	<u>1,813,000</u>
Total OPEB liability - ending	<u>\$ 1,652,000</u>	<u>\$ 1,702,000</u>	<u>\$ 1,715,000</u>	<u>\$ 1,868,000</u>
Covered payroll	\$ 5,111,413	\$ 5,063,109	\$ 4,928,252	\$ 4,641,140
District's net OPEB liability as a percentage of its covered-employee payroll	32.32%	33.62%	34.80%	40.25%

Note: This schedule is intended to present information for ten years. Additional years will be displayed prospective becomes available.

See accompanying notes to the basic financial statements

**Conemaugh Township Area School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance – Budget and Actual
General Fund
For the Year Ended June 30, 2022**

	Budgeted Amounts Original	Final	Actual (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Local sources	\$ 4,144,333	\$ 4,144,333	\$ 4,359,258	\$ 214,925
State sources	10,384,437	10,384,437	10,347,273	(37,164)
Federal sources	<u>1,739,572</u>	<u>1,739,572</u>	<u>655,935</u>	<u>(1,083,637)</u>
Total revenues	<u>16,268,342</u>	<u>16,268,342</u>	<u>15,362,466</u>	<u>(905,876)</u>
Expenditures				
Instruction:				
Regular programs	6,604,674	6,604,674	6,724,874	(120,200)
Special programs	2,094,132	2,094,132	1,605,805	488,327
Vocational education programs	467,250	467,250	390,017	77,233
Other instructional programs	81,631	81,631	71,608	10,023
Nonpublic school programs	5,000	5,000	8,041	(3,041)
Support services:				
Pupil personnel	655,313	655,313	616,444	38,869
Instructional staff	408,252	408,252	384,896	23,356
Administration	1,131,142	1,131,142	1,116,537	14,605
Pupil health	338,091	338,091	329,719	8,372
Business	465,846	465,846	468,391	(2,545)
Operation and maintenance of plant	1,291,309	1,291,309	1,245,366	45,943
Student transportation	760,560	760,560	760,148	412
Central	152,748	152,748	172,359	(19,611)
Other support services	3,500	3,500	2,802	698
Operation of noninstructional services:				
Student activities	550,289	550,289	539,916	10,373
Community services	0	0	1,600	(1,600)
Capital outlay	1,221,600	1,221,600	0	1,221,600
Debt service:				
Principal and interest	<u>699,072</u>	<u>699,072</u>	<u>699,071</u>	<u>1</u>
Total expenditures	<u>16,930,409</u>	<u>16,930,409</u>	<u>15,137,594</u>	<u>1,792,815</u>
Excess (deficiency) of revenues over expenditures	<u>(662,067)</u>	<u>(662,067)</u>	<u>224,872</u>	<u>886,939</u>

See accompanying notes to the basic financial statements.

**Conemaugh Township Area School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance – Budget and Actual
General Fund
For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual	Variance with Final
	Original	Final	(Budgetary Basis)	Budget Favorable (Unfavorable)
Other financing sources (uses)				
Insurance recoveries	0	0	4,165	4,165
Interfund transfers	0	0	(500,000)	(500,000)
Budgetary reserve	<u>(100,000)</u>	<u>(100,000)</u>	<u>0</u>	<u>100,000</u>
Total other financing sources (uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>(495,835)</u>	<u>(395,835)</u>
Net change in fund balance	(762,067)	(762,067)	(270,963)	491,104
Fund balance, beginning of year, restated	<u>5,967,579</u>	<u>5,967,579</u>	<u>6,189,466</u>	<u>221,887</u>
Fund balance, end of year	<u>\$ 5,205,512</u>	<u>\$ 5,205,512</u>	<u>\$ 5,918,503</u>	<u>\$ 712,991</u>

See accompanying notes to the basic financial statements.

Conemaugh Township Area School District
Schedule of Expenditures of Federal Awards and Certain State Grants
For the Year Ended June 30, 2022

Federal/Grant Project Title	Source Code	Federal C.F.D.A. Number	Pass Through Grantors Number	Grant Period Beginning/End Date	Program Or Award Amount	Total Received For the Year	Accrued (Unearned) Revenue at July 1, 2021	Adjustment	Revenue Recognized	Expenditures	Passed Through to Subrecipients	Accrued (Unearned) Revenue June 30, 2022
U.S. DEPARTMENT OF EDUCATION												
Passed through the Pennsylvania Department of Education:												
ECIA Title I - Low Income	I	84.010	013-220094	07/01/21-09/30/22	\$ 153,456	\$ 116,903	\$ 0	\$ 0	\$ 135,873	\$ 135,873	\$ 0	\$ 18,970
ECIA Title I - Low Income	I	84.010	013-210094	07/01/20-09/30/21	146,416	0	(4,668)	0	4,668	4,668	0	0
ECIA Title II Improving Teacher Quality	I	84.367	020-220094	07/01/21-09/30/22	25,957	24,859	0	0	25,568	25,568	0	709
ECIA Title II Improving Teacher Quality	I	84.367	020-210094	07/01/20-09/30/21	25,868	0	(452)	0	452	452	0	0
ECIA Title IV Student Support and Academic Enrichment	I	84.424	144-220094	07/01/21-09/30/22	11,004	3,142	0	0	10,430	10,430	0	7,288
ECIA Title IV Student Support and Academic Enrichment	I	84.424	144-210094	07/01/20-09/30/21	11,226	0	(7)	0	7	7	0	0
Subtotal ECIA Programs passed through Pennsylvania Department of Education					<u>373,927</u>	<u>144,904</u>	<u>(5,127)</u>	<u>0</u>	<u>176,998</u>	<u>176,998</u>	<u>0</u>	<u>26,967</u>
Passed through the Pennsylvania Department of Education:												
Elementary and Secondary School Emergency Relief Fund (ESSER II)												
American Rescue Plan - ESSER III	I	84.425D	200-210094	03/13/20-09/30/23	540,354	37,693	(2,997)	0	4,089	4,089	0	(36,601)
American Rescue Plan - ESSER 7% Learning Loss	I	84.425U	223-210094	03/13/20-09/30/24	1,092,981	79,490	0	0	107,885	107,885		28,395
American Rescue Plan - ESSER 7% Summer Programs	I	84.425U	225-210094	03/13/20-09/30/24	60,678	30,891	0	0	34,256	34,256		3,365
American Rescue Plan - ESSER 7% After School Programs	I	84.425U	225-210094	03/13/20-09/30/24	12,136	6,178	0	0	810	810		(5,368)
Passed through Pennsylvania Commission on Crime and Delinquency:												
Elementary and Secondary School Emergency Relief Fund (ESSER)												
Subtotal Education Stabilization Fund	I	84.425D	2020-ES-01-35061	03/13/20-09/30/22	<u>24,771</u>	<u>521</u>	<u>391</u>	<u>0</u>	<u>130</u>	<u>130</u>	<u>0</u>	<u>0</u>
					<u>1,743,056</u>	<u>160,951</u>	<u>(2,606)</u>	<u>0</u>	<u>155,419</u>	<u>155,419</u>	<u>0</u>	<u>(8,138)</u>
Passed through Appalachia Intermediate Unit #08:												
IDEA Part B - Section 611	I	84.027	062-220008	07/01/21-09/30/22	205,546	141,254	0	0	205,546	205,546	0	64,292
IDEA Part B - Section 611	I	84.027	062-210008	07/01/20-09/30/21	211,868	86,272	86,272	0	0	0	0	0
American Rescue Plan - IDEA Part B	I	84.027X	062-220008	07/01/21-09/30/22	41,544	41,544	0	0	41,544	41,544	0	0
IDEA Part B - Section 619	I	84.173	131-210008B	07/01/21-06/30/22	2,760	1,484	0	0	2,760	2,760	0	1,276
Subtotal Special Education Cluster					<u>461,718</u>	<u>270,554</u>	<u>86,272</u>	<u>0</u>	<u>249,850</u>	<u>249,850</u>	<u>0</u>	<u>65,568</u>
Total U.S. Department of Education					<u>2,578,701</u>	<u>576,409</u>	<u>78,539</u>	<u>0</u>	<u>582,267</u>	<u>582,267</u>	<u>0</u>	<u>84,397</u>

See accompanying notes.

Conemaugh Township Area School District
Schedule of Expenditures of Federal Awards and Certain State Grants
For the Year Ended June 30, 2022

Federal/Grant Project Title	Source Code	Federal C.F.D.A. Number	Pass Through Grantors Number	Grant Period Beginning/End Date	Program Or Award Amount	Total Received For the Year	Accrued (Unearned) Revenue at July 1, 2021	Adjustment	Revenue Recognized	Expenditures	Passed Through to Subrecipients	Accrued (Unearned) Revenue June 30, 2022
<u>U.S. DEPARTMENT OF HOMELAND SECURITY - FEDERAL EMERGENCY MANAGEMENT AGENCY</u>												
Passed through the Pennsylvania Emergency Management Agency:												
COVID-19 Emergency Protection Measures	I	97.036	140840	01/20/20-09/30/21	26,190	0	0	(6,548)	0	0	0	6,548
Total U.S Department of Homeland Security					26,190	0	0	(6,548)	0	0	0	6,548
<u>U.S FEDERAL COMMUNICATIONS COMMISSION</u>												
Passed through the Universal Service Administrative Company:												
COVID-19 Emergency Connectivity Fund	I	32.009	N/A	07/01/21-06/30/23	205,358	178,940	0	0	193,160	193,160	0	14,220
Total U.S Federal Communications Commission					205,358	178,940	0	0	193,160	193,160	0	14,220
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>												
Passed through the Pennsylvania Department of Human Services:												
Medical Assistance Program - Reimbursement												
SBAP Administration Reimbursement	I	93.778	N/A	07/01/21-06/30/22	N/A	2,180	0	0	4,376	4,376	0	2,196
SBAP Administration Reimbursement	I	93.778	N/A	07/01/20-06/30/21	N/A	2,440	2,440	0	0	0	0	0
Total U.S. Department of Health and Human Services						4,620	2,440	0	4,376	4,376	0	2,196
<u>U.S. DEPARTMENT OF AGRICULTURE</u>												
Passed through the Pennsylvania Department of Agriculture:												
National School Lunch - (USDA Commodities)	I	10.555	N/A	07/01/21-06/30/22	N/A	(a) 41,729	(b) (50,600)	0	49,492	(c) 49,492	0	(d) (42,837)
Passed through the Pennsylvania Department of Education:												
National School Lunch Federal	I	10.555	N/A	07/01/21-06/30/22	N/A	635,099	39,143	0	598,730	598,730	0	2,774
Supply Chain Assistance	I	10.555	N/A	05/13/22-06/30/23	N/A	21,962	0	0	0	0	0	(21,962)
School Breakfast Program	I	10.553	N/A	07/01/21-06/30/22	N/A	250,611	8,152	0	244,345	244,345	0	1,886
Subtotal Child Nutrition Cluster						949,401	(3,305)	0	892,567	892,567	0	(60,139)
Pandemic-EBT Local Admin Funds	I	10.649	N/A	10/01/20-09/30/21	N/A	614	0	0	614	614	0	0
State Matching Funds	S	N/A	N/A	07/01/21-06/30/22	N/A	29,451	1,085	0	28,524	28,524	0	158
Total U.S. Department of Agriculture						979,466	(2,220)	0	921,705	921,705	0	(59,981)
TOTAL FINANCIAL ASSISTANCE					\$ 2,810,249	\$ 1,739,435	\$ 78,759	\$ (6,548)	\$ 1,701,508	\$ 1,701,508	\$ 0	\$ 47,380

See accompanying notes.

Conemaugh Township Area School District
Schedule of Expenditures of Federal Awards and Certain State Grants
For the Year Ended June 30, 2022

Notes to Schedule of Expenditures of Federal Awards and Certain State Grants

Note A - Basis of Presentation

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

Note B - Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Conemaugh Township Area School District has elected not to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

Note C - Donated Commodities

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2022, the District had food commodities totaling \$42,837 in inventory.

- (a) Total amount of commodities received from the Department of Agriculture.
- (b) Beginning inventory at July 1, 2021.
- (c) Total amount of commodities used.
- (d) Ending inventory at June 30, 2022.

Note D - Direct/Indirect Funding

The following source codes reflect program funding:

- D = Direct Funding
- I = Indirect Funding
- F = Federal Share
- S = State Share

**Conemaugh Township Area School District
Schedule of Expenditures of Federal Awards and Certain State Grants
For the Year Ended June 30, 2022**

Notes to Schedule of Expenditures of Federal Awards and Certain State Grants

Note E – Reconciliation to Financial Statements

Total Federal Sources reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	\$ 655,935
Less: School Based Access Medical Reimbursement Program	(84,438)
Add: IDEA-B Section 611 passed through, recorded as Local Sources	205,546
Add: IDEA – Section 619 passed through, recorded as Local Sources	<u>2,760</u>
 Total Federal Expenditures – Governmental Funds	 <u>779,803</u>
 Total Federal Sources reported on Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	 <u>893,181</u>
 Total Federal Expenditures – Proprietary Fund	 <u>893,181</u>
 Total Federal Expenditures	 <u><u>\$1,672,984</u></u>

Note F - Test of 20% Rule (Low-Risk)

Total Expenditures	\$1,701,508
Less: State’s Share of National School Lunch Program and School Breakfast Program	<u>(28,524)</u>
Total Federal Expenditures	<u>\$1,672,984</u>
Child Nutrition Cluster	<u>\$ 892,567</u>
Tested	<u>\$ 892,567</u>
Total Federal Expenditures	\$1,672,984 = 53.4%



**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***

Independent Auditors' Report

To the Members of the Board
Conemaugh Township Area School District
West Campus Avenue
Davidsville, Pennsylvania 15928

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Conemaugh Township Area School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Conemaugh Township Area School District's basic financial statements, and have issued our report thereon dated January 6, 2023.

Report on Internal Control Over Financial Reporting

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

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

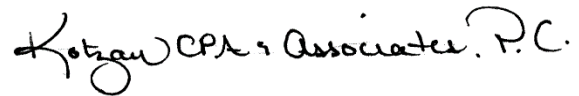
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of this Report

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

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Kotzan CPA & Associates, P.C.
Johnstown, Pennsylvania
January 6, 2023



**Report on Compliance for Each Major Federal Program and on
Internal Control Over Compliance Required by The Uniform Guidance**

Independent Auditors' Report

To the Members of the Board
Conemaugh Township Area School District
West Campus Avenue
Davidsville, Pennsylvania 15928

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

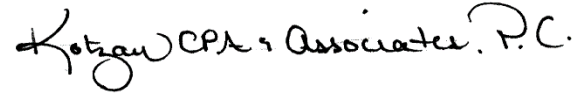
Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditors' Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

A handwritten signature in black ink that reads "Kotzan CPA & Associates, P.C." The signature is written in a cursive, flowing style.

Kotzan CPA & Associates, P.C.
Johnstown, Pennsylvania
January 6, 2023

**Conemaugh Township Area School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: *unmodified*

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency 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 deficiency identified not considered to be material weakness(es)? _____ Yes X None reported

Type of auditors' 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)

Name of Federal Program or Cluster

10.553; 10.555

Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? X Yes _____ No

Section II – Financial Statement Findings No Findings

Section III – Federal Award Findings and Questioned Costs No Findings or Questioned Costs