



ANTIETAM SCHOOL DISTRICT

FINANCIAL AND COMPLIANCE REPORT

Year Ended June 30, 2022



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INDEPENDENT AUDITOR'S REPORT

**To the Board of School Directors
Antietam School District
Reading, Pennsylvania**

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Antietam 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.

Change in Accounting Principle

As described in Note 1 to the financial statements, effective July 1, 2021, Antietam School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Antietam 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 Antietam School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule for the general fund, and pension and other postemployment benefit information on pages 77 through 81, 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 Antietam School District's basic financial statements. The accompanying combining nonmajor governmental funds financial statements and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Guidance, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor governmental funds financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2023, on our consideration of Antietam 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 Antietam 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 Antietam School District's internal control over financial reporting and compliance.

Herbein + Company, Inc.

**Reading, Pennsylvania
March 20, 2023**

**ANTIETAM SCHOOL DISTRICT
Management's Discussion and Analysis (MD&A)**

June 30, 2022

The discussion and analysis of Antietam School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the financial performance as a whole. Readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the District's financial performance.

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

The District and Its Facilities

The Antietam School District serves an area of approximately 5.3 square miles. It is located in Berks County and consists of Lower Alsace Township and Mount Penn Borough. The population of this area is approximately 7,500.

The School District is comprised of three buildings. The Mount Penn Primary Center, opened in August 2005, houses grades K, 1 and 2. The Mount Penn Elementary Center houses grades 3 to 6, and the Middle-Senior High School houses grades 7 to 12.

The enrollment at Antietam School District for the 2021-2022 school year was 1,114 students, which was higher than the 1,090 enrolled for the 2020-2021 school year. Potential growth has been partially addressed with the 2005 and 2020 renovations of the former Mt. Penn High School into a Primary Center and six additional classrooms being added to the Middle-Senior High School.

FINANCIAL HIGHLIGHTS

In the last few years, GASB 68, 71 and 75 were implemented resulting in a deficit net position for Governmental activities and Business-Type activities. In the current year, the change in net position was a change of \$2,468,939 and \$189,260, respectively.

Taxes, which include property taxes, public utility realty, and earned income taxes, accounted for 55% of the District's total revenues, and program specific revenue in the form of grants, entitlements and investment earnings accounted for 45% of total revenues.

General fund expenditures totaled \$20.9 million, of which \$12.4 million was spent on instructional services, \$6.3 million was spent on support services, \$.45 million was spent on non-instructional services, and \$1.75 million was spent on debt service and capital outlay.

FINANCIAL STATEMENTS

The financial statements consist of three parts: Management Discussion and Analysis, the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Antietam School District. The first two statements are government-wide financial statements - the Statement of Net Position and the Statement of Activities. These provide both long-term and short-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail than the government-wide statements. The governmental funds statements tell how the District's services were financed in the short term as well as what remains for future spending. Proprietary fund statements offer short- and long-term financial information about the activities that the District operates like a business. For Antietam, this is our Food Service Fund. Fiduciary fund statements provide information about financial relationships where the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong, such as student activity and scholarship funds.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and reports the financial statements with the comparison of Antietam School District's budget for the year.

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

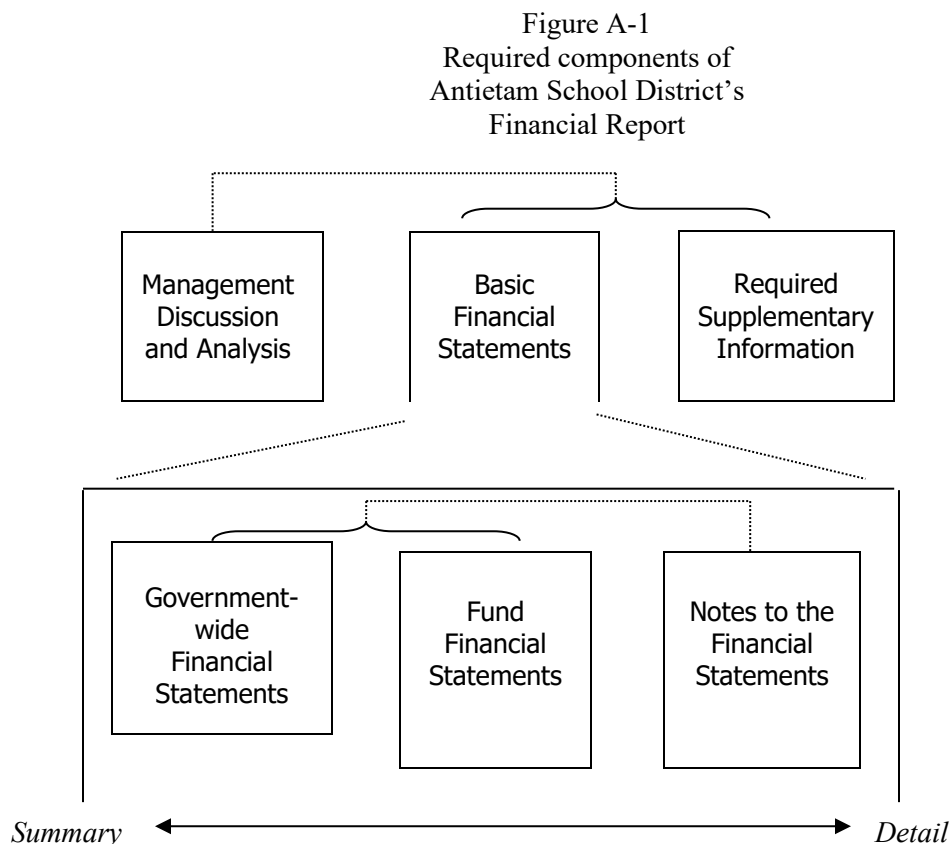


Figure A-2 summarizes the major features of the financial statements, including the portion of the Program they cover and the types of information they contain. The remainder of this overview section of management discussion and analysis explains the structure and contents of each of the statements.

Figure A-2
Major Features of Antietam School District's
Government-wide and Fund Financial Statements
Fund Statements

	<u>Government- Wide Statements</u>	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire District (except fiduciary funds).	The activities of the District that are not proprietary or fiduciary, such as education, administration and community services.	Activities the District operates similar to private business - Food Services.	Instances in which the District is the trustee or agent to someone else's resources - Scholarship Funds and student activities monies.
Required financial statements.	Statement of net position Statement of activities.	Balance Sheet Statement of revenues, expenditures, and changes in fund balance.	Statement of net position Statement of revenues, expenses and changes in net position Statement of cash flows.	Statement of fiduciary net position Statement of changes in fiduciary net position.
Accounting basis and measurement focus.	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.	Accrual accounting and economic resources focus.
Type of asset/liability information.	All assets and liabilities, both financial and capital, and short-term and long-term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included.	All assets and liabilities, both financial and capital, and short-term and long-term.	All assets and liabilities, both short-term and long-term.
Type of inflow-outflow information.	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid.	All revenues and expenses during year, regardless of when cash is received or paid.

OVERVIEW OF FINANCIAL STATEMENTS

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred outflows, liabilities, and deferred inflows. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid. The government-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets, deferred outflows, liabilities and deferred inflows, is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indication of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the District, you need to consider additional factors, such as changes in the projected enrollment of the students.

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

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

Fund Financial Statements

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

- Governmental funds - Most of the District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.
- Proprietary funds - These funds are used to account for the District's activities that are similar to business operations in the private sector; or where the reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding through user charges. When the District charges customers for services it provides - whether to outside customers or to other units in the District - these services are generally reported in proprietary funds. The Food Service Fund is the District's proprietary fund and is the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows.
- Fiduciary funds - The District is the trustee, or fiduciary, for assets that belong to others, such as scholarship funds or student activity funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

The District's total net position was (\$20,997,361) at June 30, 2022.

Table A-1
Fiscal Years ended June 30, 2021 and June 30, 2022
Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>
Current assets	\$11,345,534	\$12,070,687	\$335,645	\$486,620	\$11,681,179	\$12,557,307
Non-current assets	<u>14,277,459</u>	<u>13,224,899</u>	<u>38,796</u>	<u>80,821</u>	<u>14,316,255</u>	<u>13,305,720</u>
Total Assets	\$25,622,993	\$25,295,586	\$374,441	\$567,441	\$25,997,434	\$25,863,027
Deferred Outflows	5,071,685	4,811,566	0	0	5,071,685	4,811,566
Current liabilities	\$2,174,292	\$2,275,739	\$ 13,046	\$ 16,786	\$ 2,187,338	\$ 2,292,525
Long-term liabilities	<u>50,297,425</u>	<u>43,611,416</u>	<u>0</u>	<u>0</u>	<u>50,297,425</u>	<u>43,611,416</u>
Total Liabilities	\$52,471,717	\$45,887,155	\$ 13,046	\$ 16,786	\$52,484,763	\$45,903,941
Deferred Inflows	2,345,489	5,768,013	0	0	2,345,489	5,768,013
Net Position						
Invested in capital assets, net of related debt	(\$3,342,392)	(\$3,327,915)	\$38,796	\$80,821	(\$3,303,596)	(\$3,247,094)
Restricted for capital projects	13,722	8,969	0	0	13,722	8,969
Restricted other	69,543	78,757	0	0	69,543	78,757
Unrestricted	<u>(20,863,401)</u>	<u>(18,307,827)</u>	<u>322,599</u>	<u>469,834</u>	<u>(20,540,802)</u>	<u>(17,837,993)</u>
Total Net Position (Deficit)	<u>(\$24,122,528)</u>	<u>(\$21,548,016)</u>	<u>\$361,395</u>	<u>\$550,655</u>	<u>(\$23,761,133)</u>	<u>(\$20,997,361)</u>

A portion of the District's net position is invested in or restricted for capital assets (buildings, land, and equipment). The unrestricted portion of the District's net position at June 30, 2022 is (\$17,837,993.)

The results of this year's operations as a whole are reported in the Statement of Activities. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the District's activities that are supported by other general revenues. The largest general revenue category is taxes.

Table A-2 takes the information from that Statement and rearranges it slightly so you can see our total revenues for the year.

Table A-2
Fiscal Years ended June 30, 2021 and June 30, 2022
Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total	
	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>
Revenues						
Program Revenue						
Charges for services	\$ 40,946	\$ 25,737	\$ 836	\$ 15,232	\$ 41,782	\$ 40,969
Operating grants & contributions	4,480,611	5,074,562	340,619	740,851	4,821,230	5,815,413
Capital grants and contributions	9,697	28,978	0	0	9,697	28,978
General revenues	15,914,787	16,611,048	53	500	15,914,840	16,611,548
Total Revenues	\$20,446,041	\$21,740,325	\$ 341,508	\$ 756,583	\$20,787,549	\$22,496,908
Expenses						
Instruction	\$12,465,415	\$11,818,486	\$ 0	\$ 0	\$12,465,415	\$11,818,486
Instructional student support	1,483,968	1,454,584	0	0	1,483,968	1,454,584
Administrative and Financial Support Services	2,849,485	2,294,318	0	0	2,849,485	2,294,318
Operation & Maintenance of Plant Services	2,729,823	2,263,324	0	0	2,729,823	2,263,324
Pupil Transportation	258,023	368,473	0	0	258,023	368,473
Student Activities	328,760	485,808	0	0	328,760	485,808
Community Services	19,282	9,735	0	0	19,282	9,735
Interest on Long-Term Debt	543,915	576,658	0	0	543,915	576,658
Food Services	0	0	268,496	567,323	268,496	567,323
Total Expenses	\$20,678,671	\$19,271,386	\$ 268,496	\$ 567,323	\$20,947,167	\$19,838,709
Increase (Decrease) in Net Position	(\$232,630)	\$ 2,468,939	\$ 73,012	\$ 189,260	(\$159,618)	\$ 2,658,199
Net Position (Deficit) - Beginning of Year - Restated	(23,889,898)	(24,016,955)	288,383	361,395	(23,601,515)	(23,655,560)
Net Position (Deficit) - End of Year	(\$24,122,528)	(\$21,548,016)	\$ 361,395	\$ 550,655	(\$23,761,133)	(\$20,997,361)

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

Table A-3 shows the District's total cost of services and net cost (total cost less revenues generated by the activities) for each function. This table also shows the net costs offset by the other unrestricted grants, subsidies, and contributions to show the remaining financial needs supported by local revenue and other miscellaneous revenues.

Table A-3
Fiscal Years ended June 30, 2021 and June 30, 2022
Net Cost of Governmental Activities

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	<u>2021</u>	<u>2022</u>	<u>2021-2022</u>	<u>2021</u>	<u>2022</u>	<u>2021-2022</u>
Instruction	\$12,465,415	\$11,818,486	-5.19%	\$ 9,301,317	\$ 8,060,995	-13.33%
Instructional student support	1,483,968	1,454,584	-1.98%	1,050,585	1,056,608	0.57%
Administrative and Financial Support Services	2,849,485	2,294,318	-19.48%	2,487,002	1,839,471	-26.04%
Operation & Maintenance of Plant Services	2,729,823	2,263,324	-17.09%	2,419,130	2,033,527	-15.94%
Pupil Transportation	258,023	368,473	42.81%	77,938	277,216	255.69%
Student Activities	328,760	485,808	47.77%	257,945	323,477	25.41%
Community Services	19,282	9,735	-49.51%	19,282	3,135	-83.74%
Interest on Long-Term Debt	543,915	576,658	6.02%	534,218	547,680	2.52%
	<u>\$20,678,671</u>	<u>\$19,271,386</u>	<u>-6.81%</u>	<u>\$16,147,417</u>	<u>\$14,142,109</u>	<u>-12.42%</u>

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

Table A-4
Fiscal Years ended June 30, 2021 and June 30, 2022
Net Cost of Business-type Activities

	Total Cost of Services		Percentage Change	Net Cost (Income) of Services		Percentage Change
	<u>2021</u>	<u>2022</u>	<u>2021-2022</u>	<u>2021</u>	<u>2022</u>	<u>2021-2022</u>
Food Services	<u>\$268,496</u>	<u>\$567,323</u>	<u>111.30%</u>	<u>\$(72,959)</u>	<u>\$(188,760)</u>	<u>158.72%</u>

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

Fund Balances

At June 30, 2022, the District's governmental funds reported a combined fund balance of \$9,475,532, which is an increase of \$595,739 from June 30, 2021. This increase was due to actual General Fund revenues and expenses netting an increase to the fund balance of \$0.7 million, while the Capital Projects Fund netted a decrease of \$0.1 million due to project payments. The District received an increase in Real Estate Taxes, Earned Income Tax, Real Estate Transfer Tax, and state subsidies. However, federal subsidies came in under budget due to final grant application submission for two of the COVID related grants in Spring 2022, as well as project delays. The Districts' expenses were also decreased due to federal final grant application submission and the original intended expenses being pushed to the 2022-2023 budget.

General Fund:

The unassigned fund balance of \$1,987,855 is 8% of the 2022-2023 budgeted general fund expenditures. The assigned balance of \$1,478,992 is to balance the 2022/23 budget. The committed fund balance of \$3,310,894 will be used primarily for future retirement costs, which have increased significantly over the last several years.

Capital Projects Fund:

The restricted fund balance of \$2,619,034 will be used for the repair, maintenance, and replacement of the District's capital assets on a prioritized basis, as approved by the Board of School Directors.

General Fund Budget

During the fiscal year the Board of School Directors authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided.

The Budgetary Reserve includes amounts that may be transferred into expenditure accounts for unplanned expenditures. These amounts will only be appropriated into expenditure categories when the expenditure is necessary for the operation of the District. Any budget reserve amount not appropriated during the year will become part of the unreserved fund balance and available for future years' budgeting.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, the District had \$13,224,899 in governmental activities and \$80,821 in business-type activities invested in a broad range of capital assets, including land, buildings, and furniture and equipment.

Table A-5
Governmental and Business-Type Activities
Fiscal years ended June 30, 2021 and June 30, 2022
Capital Assets (net of depreciation and amortization)

	Governmental Activities		Business-Type Activities		Total	
	2021	2022	2021	2022	2021	2022
Land	\$ 310,056	\$ 310,056	\$ 0	\$ 0	\$ 310,056	\$ 310,056
Land Improvements	79,216	70,060	0	0	79,216	70,060
Buildings and Building Improvements	12,976,961	11,645,052	0	0	12,976,961	11,645,052
Fixtures and Equipment	884,009	973,701	38,796	80,821	922,805	1,054,522
Construction in Progress	27,217	196,672	0	0	27,217	196,672
Right-to-use Lease Equipment	0	29,358	0	0	0	29,358
	<u>\$ 14,277,459</u>	<u>\$ 13,224,899</u>	<u>\$38,796</u>	<u>\$80,821</u>	<u>\$14,316,255</u>	<u>\$13,305,720</u>

Debt Administration

Bond Obligations - As of June 30, 2021 and June 30, 2022 the Antietam School District had outstanding bond obligations of \$20,350,000 and \$19,260,000, respectively.

Leases - The District has entered into two capital leases for technology equipment and four operating leases for copiers. The technology financed purchase payable at June 30, 2022 is \$74,844.

Other obligations include accrued vacation pay and sick leave for specific employees of the District.

See Notes 7 and 8 for more information on Capital Assets and Debt of the District.

FACTORS BEARING ON ANTIETAM SCHOOL DISTRICT'S FUTURE

Factors that will affect the future finances of the District are employee health benefits, PSERS retirement rates (2022-2023 actual: 35.26%; and 2023-2024 projected: 34%), special education costs, cyber-charter school costs, collective bargaining agreements with the Education Association, and future funding by the Pennsylvania Department of Education.

CONTACTING THE SCHOOL FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to show the Board of School Director's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact the Business Office, Antietam School District, 100 Antietam Road, Reading, PA 19606.

ANTIETAM SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2022

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash and investments	\$ 9,124,929	\$ 363,838	\$ 9,488,767
Taxes receivable, net	564,725	-	564,725
Internal balances	(14,008)	14,008	-
Intergovernmental receivables	2,373,843	86,963	2,460,806
Other receivables	21,198	-	21,198
Inventories	-	21,811	21,811
Capital assets not being depreciated	506,728	-	506,728
Capital assets, net of accumulated depreciation	12,688,813	80,821	12,769,634
Right-to-use lease assets, net of accumulated amortization	29,358	-	29,358
TOTAL ASSETS	25,295,586	567,441	25,863,027
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on bond refunding	698,636	-	698,636
Deferred outflows of resources for pension	3,692,416	-	3,692,416
Deferred outflows of resources for other postemployment benefits	420,514	-	420,514
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,811,566	-	4,811,566
LIABILITIES			
Intergovernmental payables	152,075	-	152,075
Accounts payable	272,776	10,896	283,672
Accrued interest	129,039	-	129,039
Accrued salaries and benefits	1,535,252	-	1,535,252
Unearned revenues	150,566	5,890	156,456
Other current liabilities	36,031	-	36,031
Noncurrent liabilities, due within one year	1,304,725	-	1,304,725
Noncurrent liabilities:			
Bonds and notes payable, net	18,641,603	-	18,641,603
Leases payable	16,960	-	16,960
Long-term portion of compensated absences	140,446	-	140,446
Net pension liability	21,103,000	-	21,103,000
Net other postemployment benefit liabilities	2,404,682	-	2,404,682
TOTAL LIABILITIES	45,887,155	16,786	45,903,941
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources for pension	5,395,000	-	5,395,000
Deferred inflows of resources for other postemployment benefits	373,013	-	373,013
TOTAL DEFERRED INFLOWS OF RESOURCES	5,768,013	-	5,768,013
NET POSITION			
Net investment in capital assets	(3,327,915)	80,821	(3,247,094)
Restricted for capital projects	8,969	-	8,969
Restricted for purpose by donor	78,757	-	78,757
Unrestricted (deficit)	(18,307,827)	469,834	(17,837,993)
TOTAL NET POSITION (DEFICIT)	\$ (21,548,016)	\$ 550,655	\$ (20,997,361)

See accompanying notes.

ANTIETAM SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue 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	\$ 11,818,486	\$ 16,120	\$ 3,741,371	\$ -	\$ (8,060,995)	\$ -	\$ (8,060,995)
Instructional student support	1,454,584	-	397,976	-	(1,056,608)	-	(1,056,608)
Administrative and financial support services	2,294,318	-	454,847	-	(1,839,471)	-	(1,839,471)
Operation and maintenance of plant services	2,263,324	510	229,287	-	(2,033,527)	-	(2,033,527)
Pupil transportation	368,473	-	91,257	-	(277,216)	-	(277,216)
Student activities	485,808	9,107	153,224	-	(323,477)	-	(323,477)
Community services	9,735	-	6,600	-	(3,135)	-	(3,135)
Interest on long-term debt	576,658	-	-	28,978	(547,680)	-	(547,680)
Total Governmental Activities	19,271,386	25,737	5,074,562	28,978	(14,142,109)	-	(14,142,109)
Business-Type Activities							
Food services	567,323	15,232	740,851	-	-	188,760	188,760
Total Primary Government	<u>\$ 19,838,709</u>	<u>\$ 40,969</u>	<u>\$ 5,815,413</u>	<u>\$ 28,978</u>	(14,142,109)	188,760	(13,953,349)
General Revenues							
Taxes:							
Property taxes					10,624,094	-	10,624,094
Public utility Realty, earned income and mercantile taxes					1,286,337	-	1,286,337
Grants, subsidies, and contributions not restricted for specific programs					4,565,803	-	4,565,803
Investment earnings					15,054	500	15,554
Miscellaneous revenue					119,760	-	119,760
Total General Revenues					16,611,048	500	16,611,548
Change in Net Position					2,468,939	189,260	2,658,199
Net Position (Deficit) - Beginning of year, restated					(24,016,955)	361,395	(23,655,560)
Net Position (Deficit) - End of Year					<u>\$ (21,548,016)</u>	<u>\$ 550,655</u>	<u>\$ (20,997,361)</u>

See accompanying notes.

ANTIETAM SCHOOL DISTRICT

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2022

	General	Capital Projects	Nonmajor Special Revenue Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 6,426,937	\$ 2,619,034	\$ 78,958	\$ 9,124,929
Taxes receivable	573,877	-	-	573,877
Intergovernmental receivables	2,373,843	-	-	2,373,843
Other receivables	21,198	-	-	21,198
TOTAL ASSETS	\$ 9,395,855	\$ 2,619,034	\$ 78,958	\$ 12,093,847
LIABILITIES, DEFERRED INFLOWS OF OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Interfund payable	\$ 14,008	\$ -	\$ -	\$ 14,008
Intergovernmental payables	152,075	-	-	152,075
Accounts payable	272,575	-	201	272,776
Accrued salaries and benefits	1,535,252	-	-	1,535,252
Unearned revenues	150,566	-	-	150,566
Other liabilities	36,031	-	-	36,031
TOTAL LIABILITIES	2,160,507	-	201	2,160,708
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	457,607	-	-	457,607
FUND BALANCES				
Restricted	-	2,619,034	78,757	2,697,791
Committed	3,310,894	-	-	3,310,894
Assigned	1,478,992	-	-	1,478,992
Unassigned	1,987,855	-	-	1,987,855
TOTAL FUND BALANCES	6,777,741	2,619,034	78,757	9,475,532
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 9,395,855	\$ 2,619,034	\$ 78,958	\$ 12,093,847

See accompanying notes.

ANTIETAM SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET POSITION

June 30, 2022

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

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 9,475,532

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$42,304,006 and the accumulated depreciation/amortization is \$29,079,107. 13,224,899

Property and other taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and therefore are reported as unavailable revenue in the funds adjusted for allowance for doubtful accounts. 448,455

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

Bonds and notes payable	\$ (19,334,844)	
Leases payable	(30,068)	
Accrued interest on bonds	(129,039)	
Unamortized bond premium	(510,991)	
Unamortized bond discount	14,388	
Deferred charge on bond refunding	698,636	
Compensated absences	(242,219)	(19,534,137)

The net pension liability and related deferred outflows and inflows of resources for pensions are not reflected on the fund financial statements. (22,805,584)

The net other postemployment benefit liabilities and related deferred outflows and inflows of resources for other postemployment benefits are not reflected on the fund financial statements. (2,357,181)

TOTAL NET POSITION (DEFICIT) - GOVERNMENTAL ACTIVITIES \$ (21,548,016)

ANTIETAM SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2022

	General	Capital Projects	Nonmajor Special Revenue Funds	Total Governmental Funds
REVENUES				
Local sources	\$ 12,332,253	\$ 4,278	\$ 110,346	\$ 12,446,877
State sources	7,942,014	-	-	7,942,014
Federal sources	1,334,316	-	-	1,334,316
TOTAL REVENUES	21,608,583	4,278	110,346	21,723,207
EXPENDITURES				
Current:				
Instructional services	12,417,538	-	-	12,417,538
Support services	6,283,676	-	-	6,283,676
Operation of noninstructional services	435,727	-	101,132	536,859
Capital outlay	32,500	137,164	-	169,664
Debt service:				
Principal	1,175,607	-	-	1,175,607
Interest	546,215	-	-	546,215
Refund of prior year revenue	409	-	-	409
TOTAL EXPENDITURES	20,891,672	137,164	101,132	21,129,968
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	716,911	(132,886)	9,214	593,239
OTHER FINANCING SOURCES				
Sale of capital assets	2,500	-	-	2,500
NET CHANGE IN FUND BALANCES	719,411	(132,886)	9,214	595,739
FUND BALANCES - BEGINNING OF YEAR	6,058,330	2,751,920	69,543	8,879,793
FUND BALANCES - END OF YEAR	\$ 6,777,741	\$ 2,619,034	\$ 78,757	\$ 9,475,532

ANTIETAM SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2022

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

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 595,739
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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 and amortization expense.

Capital outlays	\$ 434,239	
Less: depreciation and amortization expense	<u>(1,529,426)</u>	(1,095,187)

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.	15,027
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Issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.

Repayment of bond and note principal	1,163,048	
Repayment of lease principal	12,559	
Amortization of bond discount	(1,270)	
Amortization of bond premium	38,051	
Amortization of deferred charge on bond refunding	<u>(80,164)</u>	1,132,224

Interest expense incurred on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires the use of current financial resources.	12,940
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Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. The difference in the amount incurred and amount paid of these activities is:

Compensated absences	20,865	
Net pension liability and related deferred outflows and inflows	1,880,861	
Net OPEB liability and related deferred outflows and inflows	<u>(93,530)</u>	<u>1,808,196</u>

CHANGE IN NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES	<u>\$ 2,468,939</u>
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ANTIETAM SCHOOL DISTRICT

**STATEMENT OF NET POSITION
PROPRIETARY FUND**

June 30, 2022

	<u>Enterprise Fund Food Service</u>
ASSETS	
CURRENT ASSETS	
Cash and investments	\$ 363,838
Interfund receivable	14,008
Intergovernmental receivables	86,963
Inventories	<u>21,811</u>
TOTAL CURRENT ASSETS	486,620
NONCURRENT ASSETS	
Furniture and equipment, net	<u>80,821</u>
TOTAL ASSETS	<u>567,441</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	10,896
Unearned revenues	<u>5,890</u>
TOTAL LIABILITIES	<u>16,786</u>
NET POSITION	
Investment in capital assets	80,821
Unrestricted net position	<u>469,834</u>
TOTAL NET POSITION	<u><u>\$ 550,655</u></u>

See accompanying notes.

ANTIETAM SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND**

For the Year Ended June 30, 2022

	<u>Enterprise Fund Food Service</u>
OPERATING REVENUES	
Food service revenue	\$ 15,232
TOTAL OPERATING REVENUES	15,232
OPERATING EXPENSES	
Salaries	20,250
Employee benefits	8,588
Purchased professional and technical services	213,573
Purchased property services	15,571
Supplies	297,276
Depreciation	9,776
Other operating expenses	2,289
TOTAL OPERATING EXPENSES	<u>567,323</u>
OPERATING LOSS	(552,091)
NONOPERATING REVENUES	
Earnings on investments	500
State sources	24,867
Federal sources	715,984
TOTAL NONOPERATING REVENUES	<u>741,351</u>
CHANGE IN NET POSITION	189,260
NET POSITION - BEGINNING OF YEAR	<u>361,395</u>
NET POSITION - END OF YEAR	<u><u>\$ 550,655</u></u>

ANTIETAM SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUND

For the Year Ended June 30, 2022

	Enterprise Fund Food Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from users	\$ 14,648
Payments to employees for services	(28,838)
Payments to suppliers for goods and services	(490,269)
NET CASH USED FOR OPERATING ACTIVITIES	(504,459)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State sources	22,376
Federal sources	604,046
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	626,422
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(51,801)
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on investments	500
NET INCREASE IN CASH AND CASH EQUIVALENTS	70,662
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	293,176
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 363,838</u></u>

ANTIETAM SCHOOL DISTRICT

**STATEMENT OF CASH FLOWS - CONTINUED
PROPRIETARY FUND**

For the Year Ended June 30, 2022

	<u>Enterprise Fund Food Service</u>
<u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</u>	
Operating loss	\$ (552,091)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	9,776
Donated commodities used	43,176
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Interfund receivable	1,960
Inventories	(9,971)
Interfund payable	(1,049)
Accounts payable	6,284
Unearned revenues	(2,544)
	<u>47,632</u>
Total adjustments	<u>47,632</u>
NET CASH USED FOR OPERATING ACTIVITIES	<u><u>\$ (504,459)</u></u>

NONCASH NONCAPITAL FINANCING ACTIVITIES

During the year, the District used \$43,176 of commodities from the
U.S. Department of Agriculture.

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

Antietam School District (the "District") is located in Berks County, Pennsylvania. The District's tax base consists of Lower Alsace Township and the Borough of Mount Penn. Antietam School District is governed by a board of nine school directors who are residents of the District and who are elected every two years, on a staggered basis, for a four-year term.

The board of school directors has the power and duty to establish, equip, furnish, and maintain a sufficient number of elementary, secondary, and other schools necessary to educate every person, residing in such district, between the ages of 6 and 21 years, who may attend.

In order to establish, enlarge, equip, furnish, operate, and maintain any school herein provided, or to pay any school indebtedness which the District is required to pay, or to pay an indebtedness that may at any time hereafter be created by the District, the board of school directors are vested with all the necessary authority and power annually to levy and collect the necessary taxes required and granted by the legislature, in addition to the annual state appropriation, and are vested with all necessary power and authority to comply with and carry out any or all of the provisions of the Public School Code of 1949.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Antietam School District have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting principles are as follows:

A. Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the District and its component units.

The District used guidance contained in generally accepted accounting principles to evaluate the possible inclusion of related entities (authorities, boards, councils, fiduciary activities, etc.) within its reporting entity. Accounting principles generally accepted in the United States of America require that the reporting entity consists of the primary government and legally separate entities for which the primary government is financially accountable. In addition, the primary government may determine through the exercise of management's professional judgment that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, that legally separate entity should be included as a component unit if the nature and significance of their relationship with the primary government or other component units are such that the exclusion from the financial reporting entity would render the financial reporting entity's financial statements incomplete or misleading. In evaluating how to define the reporting entity, management has considered all potential component units.

Based on the foregoing criteria, the District has determined it has no component units.

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

A. Reporting Entity - continued

Governments commonly enter into special arrangements with each other to provide or obtain needed services. A common type of such an arrangement is a joint venture. In addition to joint ventures, governments also enter into contracts to plan for and address certain activities for their mutual benefits; i.e., a jointly governed organization. The District has one of each of these relationships:

Joint Venture: The District is a participating member of the Berks Career & Technology Center. See Note 11 for details of involvement and financial information of the joint venture.

Jointly Governed Organizations: The District is a participating member of the Berks County Intermediate Unit (BCIU). The BCIU is run by a joint committee consisting of members from each participating district. No participating district appoints a majority of the joint committee. The board of directors of each participating district must approve BCIU's annual operating budget.

The BCIU is a self-sustaining organization that provides services for fees to participating districts. As such, the District has no ongoing financial interest or responsibility in the BCIU. The BCIU contracts with participating districts to supply special education services, computer services, and to act as a conduit for certain federal programs.

B. Basis of Presentation - Government-Wide Financial Statements

Government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the reporting entity, except for its fiduciary activities. All fiduciary activities are reported only in the fund financial statements. The government-wide statements include separate columns for the governmental and business-type activities of the primary government, as well as any discretely presented component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function to the District are offset by the program revenues related to that function. Direct expenses are those that are directly related to and clearly identified with a function. Program revenues include 1) charges to customers or others who purchase, use, or directly benefit from services or goods provided by a given function, or 2) grants and contributions that are restricted to meet the operational or capital requirements of a function. Taxes and other items properly not included in program revenues are reported as general revenues.

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. Basis of Presentation - Government-Wide Financial Statements - continued

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are the contributions made to any component units from the District's governmental funds and transfers between governmental funds and business-type and fiduciary funds. Elimination of these contributions would distort the direct costs and program revenues reported for the various functions concerned.

C. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Fiduciary funds are reported by fund type. The District does not have any Fiduciary funds.

The District Reports the Following Major Governmental Funds:

General Fund: This fund is established to account for resources devoted to financing the general services that the District performs. Intergovernmental revenues and other sources of revenue used to finance the fundamental operations of the District are included in this fund. The fund is charged with all costs of operating the District for which a separate fund has not been established.

Capital Projects Fund: This fund is established to account for financial resources to be used for the acquisition or construction of major capital equipment and facilities (other than those financed by proprietary funds).

Components of the District's Capital Projects Fund consist of:

Capital Reserve Component - This component was created in accordance with Section 1432 of the Municipal Code. The Municipal Code restricts how the resources are spent within this fund.

Construction Component - The District established the construction component with the series 2021 and 2020 General Obligation Bond bond issues, which provided resources to fund various capital projects of the District.

ANTIETAM SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Basis of Presentation - Fund Financial Statements - continued

The District Reports the Following Nonmajor Governmental Funds:

Special Revenue Funds

Scholarship Fund: This fund is established to account for financial resources to be used for various scholarship accounts.

Student Activity Fund: This fund is established to account for financial resources to be used for various student activity and athletic clubs.

The District has the Following Major Enterprise Fund:

Food Service Fund: This fund accounts for all revenues, food purchases, and costs and expenses for the food service program. The food service fund is the District's only major enterprise fund where the intent of the governing body is that the costs of providing food services are covered by user charges and subsidies received.

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

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

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

D. Measurement Focus and Basis of Accounting

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service fund are charges to customers for sales and services provided. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and state subsidies are considered non-operating revenues as no exchange transaction occurs.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes and interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. If time-eligibility requirements are not met, deferred inflows of resources would be recorded. All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Budgetary Process

An operating budget is adopted prior to the beginning of each year for the General Fund on the modified accrual basis of accounting. The General Fund is the only fund for which a budget is legally required.

In accordance with Act 1 of 2006, the board shall annually, but not later than 110 days before the primary election, decide the budget option to be used for the following fiscal year. The board shall approve either the Accelerated Budget Process Option or the Board Resolution Option.

Accelerated Budget Process Option

Under this option, a preliminary budget must be adopted 90 days prior to the primary election. The preliminary budget must be available for public inspection at least 20 days prior to the primary election. The board shall give public notice of its intent to adopt the preliminary budget at least 10 days prior to the adoption.

If the primary budget exceeds the increase authorized by the Index, an application for an exception may be filed with the Pennsylvania Department of Education and made available for public inspection. The board may opt to forego applying for an exception by submitting a referendum question seeking voter approval for a tax increase in accordance with Act 1.

The final budget shall include any necessary changes from the adopted preliminary budget. Any reduction required as the result of the failure of referendum shall be clearly stated. The final budget shall be made available for public inspection at least 20 days prior to final adoption. The board shall annually adopt the final budget by a majority vote of all members of the board prior to June 30.

Board Resolution Option

Under the Board Resolution Option, the board shall adopt a resolution that it will not raise the rate of any tax for the following fiscal year by more than the Index. Such resolution shall be adopted no later than 110 days prior to the primary election. At least 30 days prior to adoption of the final budget, the board shall prepare a proposed budget. The proposed budget shall be available for public inspection at least 20 days prior to adoption of the budget. The board shall give public notice of its intent to adopt at least 10 days prior to adoption of the proposed budget. The board shall annually adopt the final budget by a majority vote of all members of the board by June 30.

Legal budgetary control is maintained at the sub-function/major object level. The PA School Code allows the school board to make budgetary transfers between major function and major object codes only within the last nine months of the fiscal year, unless there is a two-thirds majority of the board approving the transfer. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effect of approved budget amendments.

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position

1. Cash and Cash Equivalents

For purposes of the statement of cash flows, the proprietary fund type considers all highly-liquid investments with a maturity of three months or less when purchased to be cash equivalents.

2. Investments

Investments are stated at fair value in accordance with Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*, except for investments in external investment pools, which are valued at amortized costs if required criteria are met as outlined in Governmental Accounting Standards Board Statement No. 79, *Certain External Investment Pools and Pool Participants*.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investments are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near-term and that such changes could materially affect the amounts reported in the statement of net position.

3. Interfund Transactions

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

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

4. Inventories and Prepaid Items

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

Inventories of the governmental funds, consisting principally of textbooks and instructional supplies, utilize the purchase method; that is, they are charged to expenditures when purchased.

Inventories of the enterprise fund consisting of food and paper supplies are carried at cost using the first-in, first-out method. Federal donated commodities are valued at their fair market value as determined by the U.S. Department of Agriculture at the date of donation. The inventories on hand at June 30, 2022, consist of the following:

Purchased food/supplies	\$ 13,757
Donated commodities	<u>8,054</u>
	<u>\$ 21,811</u>

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

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

5. Capital Assets, Depreciation, and Amortization

The District's capital assets, with useful lives of more than one year, are stated at historical cost and comprehensively reported in the government-wide financial statements. Proprietary capital assets are also reported in their respective financial statements. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. Donated capital assets are recorded at the estimated fair value at the date of its donation. Right-to-use lease assets are reported when a qualifying lease liability is incurred.

The District generally capitalizes assets with costs of \$2,500 or more as purchase and construction outlays occur. Management has elected to include certain homogeneous asset categories with individual assets less than \$2,500 as composite groups for financial reporting purposes. Assets purchased or constructed with long-term debt may be capitalized regardless of the threshold established. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Construction in progress is stated at cost and consists primarily of costs incurred on construction projects. No provision for depreciation is made on construction in progress until the assets are complete and placed into service. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives for depreciable assets are as follows:

Assets	Years
Buildings	45
Building improvements	7 - 30
Land improvements	15 - 20
Furniture and equipment	3 - 15
Right-to-use assets	3 - 5

6. Valuation of Long-Lived Assets

Long-lived assets to be held and used are required to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In general, any long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell. The District periodically evaluates the recoverability of its long-lived assets, including real estate and improvements and deferred costs, using objective methodologies. Such methodologies include evaluations based on cash flows generated by the underlying assets or other determinants of fair value. None of the District's long-lived assets were considered to be impaired as of June 30, 2022.

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

7. Unearned Revenues

Revenues that are received but not earned are reported as unearned revenues in the government-wide, governmental and proprietary fund financial statements. Unearned revenues arise when resources are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has legal claim to the resources, the liability for unearned revenue is removed from the respective financial statements and revenue is recognized.

8. Compensated Absences

District policies permit employees to accumulate earned but unused vacation, personal and sick days based on employment agreements. Payments for vacation, sick pay, and personal leave are expensed as paid in the governmental fund statements. Accumulated vacation, personal and sick leave that is expected to be liquidated with expendable available financial resources and that has matured is reported as an expenditure and a fund liability in the governmental fund that will pay it. Accumulated vacation, personal or sick leave that is not expected to be liquidated with expendable available financial resources and that has not matured is reported as a long-term liability in the government-wide financial statements and is expensed as incurred.

9. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activity columns in the statement of net position. This same treatment also applies to proprietary fund financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Other bond issuance costs are expensed at the time the debt is issued.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued and original issue discounts or premiums are reported as other financing sources and uses. Issuance costs and underwriter's discount, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

10. Leases

Antietam School District is a lessee for noncancellable leases of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. Antietam School District recognizes lease liabilities with an initial, individual value of \$2,500 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Also included within the lease term are any qualifying lease renewals or early termination options that the District is reasonably certain to exercise or not exercise. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets as right-to-use lease assets and lease liabilities are reported with noncurrent liabilities on the statement of net position.

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

11. Pension

The District contributes to the Public School Employees Retirement System (PSERS), a cost-sharing multiple-employer defined benefit pension plan. The District accounts for the plan under the provisions of GASB Statement No. 68, which establishes standards for the measurement, recognition, and display of pension expense and related liabilities, deferred outflows and deferred inflows of resources related to pension, certain required supplementary information, and note disclosures.

For the purpose of measuring net pension liability, deferred outflows of resources, and deferred inflows of resources related to pension and pension expense, information about the fiduciary net position of the 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 refund of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

12. Other Postemployment Benefits (OPEB)

The District's other postemployment benefit plans are accounted for under the provisions of GASB Statement No. 75, which establishes standards for the measurement, recognition, and display of other postemployment benefit expense and related liabilities, deferred outflows and deferred inflows of resources related to other postemployment benefits, certain required supplementary information, and note disclosures. The District provides OPEB under the following two plans:

PSERS OPEB Plan

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

District OPEB Plan

The District sponsors a single-employer defined benefit OPEB plan. For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. The District OPEB plan is unfunded.

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

13. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expenses) until then. The District has three items that qualify for reporting in this category:

A deferred charge on bond refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred outflows of resources for pension relate to the District's net pension liability and pension expense and arise from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the pension plan, or changes in the internal allocation of the net pension liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred outflow. Also included are contributions made to the pension plan subsequent to the measurement date and prior to the District's year end. The contributions will be recognized as a reduction in net pension liability in the following year.

Deferred outflows of resources for other postemployment benefit liabilities relate to the District's liability for postemployment benefits other than pensions and related expenses and arise from the changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the plan, or changes in the internal allocation of the net other postemployment benefit liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred outflow. Also included are contributions or benefit payments made subsequent to the measurement date and prior to the District's year end. These payments will be recognized as a reduction to the net other postemployment benefit liability in the following year.

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

13. Deferred Outflows/Inflows of Resources - continued

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three types of items that qualify for reporting in this category:

Unavailable revenue arises only under a modified accrual basis of accounting and is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source - property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Deferred inflows of resources for pension relate to the District's net pension liability and pension expense and arise from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the pension plan, or changes in the internal allocation of the net pension liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred inflow.

Deferred inflows of resources for other postemployment benefit liabilities relate to the District's liability for postemployment benefits other than pensions and related expenses and arise from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the plan, or changes in the internal allocation of the other postemployment benefit liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred inflow.

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

14. Net Position

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in the capital assets component of net position is comprised 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. In addition, any deferred outflows of resources and/or deferred inflows of resources related to such capital assets or liabilities associated with the capital assets should also be added to or deducted from the overall net investment in capital assets. The restricted component of net position is used when there are limitations imposed on their use either through the enabling legislation adopted by a higher governmental authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining component of net position is unrestricted.

The District applies restricted resources first when an expense is incurred for purposes for which both the restricted and unrestricted components of net position are available.

15. Fund Balance Policies and Flow Assumptions

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

The restricted fund balance classification represents funds that are limited in use due to constraints for a specific purpose through restrictions by external parties, grant agreements, or enabling legislation.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The board of school directors is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The superintendent and business manager may assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

15. Fund Balance Policies and Flow Assumptions - continued

The District will strive to maintain an unassigned general fund balance of not less than 6% and not more than 8% of the budgeted expenditures for that fiscal year set by board resolution.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. The District's policy does not dictate whether restricted or unrestricted is spent first when resources are available in both categories. As such, in these circumstances, restricted will be assumed to have been spent first, followed by the unrestricted categories. The District's policy also places no restrictions on the order of the unrestricted fund balances used. As such, committed amounts will be reduced first, followed by assigned amounts, and then unassigned amounts.

G. Use of Estimates

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

H. Adoption of Accounting Standards

During the year ended June 30, 2022 the District adopted new accounting guidance GASB Statement No. 87, retroactive to July 1, 2021. GASB Statement No. 87 was issued to recognize certain lease assets and liabilities for leases that previously were 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 lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. As a result of this standard implementation, capital assets (including right-to-use lease assets) were increased \$42,627 with an offsetting long-term liability of the same amount. There was an increase to beginning net position of \$105,573.

Effective July 1, 2021, the District adopted new accounting standard guidance GASB Statement No. 89 related to accounting requirements for interest expenses incurred before the end of a construction period. Under this statement, interest expenses incurred before the end of a construction period must be recognized as an expense in the period in which the expenses are incurred for financial statements prepared using the economic resources measurement focus. The adoption of this standard resulted in no restatement to beginning net position.

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Compliance with Finance Related Legal and Contractual Provisions

The District had no material violations of finance related legal and contractual provisions.

B. Deficit Fund Balance or Net Position of Individual Funds

No individual funds had a deficit fund balance or net position.

NOTE 3 - CASH AND INVESTMENTS

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

Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, 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 accounts, 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, therefore, shall be pledged by the depository.

Pennsylvania Act 10 of 2016 became effective May 25, 2016, and expanded the permitted investment types to include commercial paper, bankers' acceptances, negotiable certificates of deposit, and insured bank deposit reciprocals as long as certain safeguards related to credit quality and maturity are met.

The deposit and investment policy of the District adheres to state statutes. There were no deposits or investment transactions during the year that were in violation of either the state statutes or the policy of the District.

The breakdown of total cash and investments at June 30, 2022, is as follows:

Petty cash	\$ 450
Demand deposit accounts	70,012
Pooled cash and investments	<u>9,418,305</u>
	<u>\$ 9,488,767</u>

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 3 - CASH AND INVESTMENTS - CONTINUED

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. The District does not have a policy for custodial credit risk. As of June 30, 2022, the carrying amount of the District's deposits was \$70,012 and the bank balance was \$70,012. The entire bank balance of \$70,012 was covered by federal depository insurance.

Investments

As of June 30, 2022, the District had the following investments:

	<u>Fair Value</u>	<u>Carrying Value</u>
PA School District Liquid Asset Fund (PSDLAF):		
MAX Account Balance	\$ 1,855,688	\$ 1,855,688
PA Local Government Investment Trust (PLGIT):		
PLGIT - Class	1,857,333	1,857,333
PLGIT/Reserve - Class	5,951,392	<u>5,951,392</u>
Total		9,664,413
Less: reconciling items		<u>(246,108)</u>
Total investments		<u><u>\$ 9,418,305</u></u>

Certain external investments held by the District, based on portfolio maturity, quality, diversification, and liquidity measures, qualify for measurement at amortized cost at both the pool and participating government level consistent with GASB Statement No. 79. The District measures those investments, which include \$9,664,413 (PLGIT and PSDLAF) at amortized cost. All investments in external investment pools that are not registered with the Securities and Exchange Commission are subject to oversight by the Commonwealth of Pennsylvania.

A portion of the District's deposits are in the Pennsylvania Local Government Investment Trust and the Pennsylvania School District Liquid Asset Fund. PSDLAF acts like a money market mutual fund in that their objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized statistical rating organization, and is subject to an independent annual audit.

The PSDMAX fund invests in U.S. treasury securities, U.S. government securities, its agencies and instrumentalities, and repurchase agreements, collateralized by such securities and contracted with highly-rated counterparties. Weighted average portfolio maturity for the fund is expected to be kept at or below 60 days. PSDMAX does not have limitations or restrictions on withdrawals.

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 3 - CASH AND INVESTMENTS - CONTINUED

Investments - continued

PLGIT invests primarily in U.S. Treasury and federal agency securities and repurchase agreements secured by such obligations, as well as certain municipal obligations and collateralized or insured certificates of deposit. The fund manager intends to comply with guidelines similar to those mandated for money-market funds as contained in Rule 2a-7 of the Investment Company Act of 1940.

PLGIT - Class Shares are a flexible option within the PLGIT fund which requires no minimum balance, no minimum initial investment, and a one-day minimum investment period. Dividends are paid monthly.

PLGIT/Reserve - Class Shares are an option which requires a minimum investment of \$50,000, a one day minimum investment period, and limits redemptions or exchanges to two per calendar month. However, there is no minimum investment period and dividends are paid monthly.

As of June 30, 2022, the entire PLGIT and PSDLAF book balance of \$9,418,305 is considered to be a cash equivalent for presentation on the government-wide and fund financial statements.

Interest Rate Risk

The District has an investment policy that would limit its exposure to fair value losses arising from increasing interest rates. The District limits its interest rate risk through participation in investment pools.

Credit Risk

The District has an investment policy that would limit its investment choices to certain credit ratings. As of June 30, 2022, the District's investments were rated as:

<u>Investment</u>	<u>Standard & Poor's</u>
PA School District Liquid Asset Fund	AAAm
PA Local Government Investment Trust	AAAm

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer. District investments in authorized instruments not backed by the federal or state government shall be limited to the two highest applicable credit ratings. All other investments require board notification.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The District has no investment subject to custodial credit risk.

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 4 - TAXES RECEIVABLE AND UNAVAILABLE REVENUE

Property taxes are levied on July 1 on the assessed value listed as of that date for all taxable real property located in the District. Assessed values are established by the County Board of Assessments. All taxable real property was assessed at \$256,115,700. In accordance with Act 1 of 2006, the District received \$455,600 in property tax reduction funds for the 2021/2022 fiscal year. The District's tax rate for the year ended June 30, 2022, was \$43.82 per \$1,000 of assessed valuation. The schedule for real estate taxes levied for each fiscal year is as follows:

July 1	- Full year tax assessed for current year.
July 1 - August 31	- Discount period during which a 2% discount is allowed.
September 1 - October 31	- Face amount of tax is due.
November 1 - January 14	- A 10% penalty is added to all payments.
January 15	- All taxes unpaid become delinquent and are turned over to the County Tax Claim Bureau for collection.

Installment payments of the face amount of the property tax can be made by the following dates - July 31, September 15, October 31, and December 15.

The District, in accordance with generally accepted accounting principles, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as determined by administration. A portion of the net amount estimated to be collectible which was measurable and available within 60 days was recognized as revenue and the balance unavailable in the fund financial statements.

The balances at June 30, 2022, are as follows:

	Gross Taxes Receivable	Allowance for Uncollectible Taxes	Net Estimated to be Collectible	Tax Revenue Recognized	Unavailable Revenue
Real estate	\$ 494,454	\$ 9,152	\$ 485,302	\$ 36,847	\$ 457,607
Transfer tax	18,663	-	18,663	18,663	-
Earned income tax	60,760	-	60,760	60,760	-
	<u>\$ 573,877</u>	<u>\$ 9,152</u>	<u>\$ 564,725</u>	<u>\$ 116,270</u>	<u>\$ 457,607</u>

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 5 - INTERFUND RECEIVABLES/PAYABLES

The following schedule represents the interfund receivables and payables at June 30, 2022:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ -	\$ 14,008
Enterprise Fund - Food Service	<u>14,008</u>	<u>-</u>
	<u>\$ 14,008</u>	<u>\$ 14,008</u>

Interfund receivables and payables resulted from the time lag between dates that interfund goods and services were provided and when payments between funds are made. All will be paid within one year.

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 6 - INTERGOVERNMENTAL RECEIVABLES AND PAYABLES

The following schedule represents intergovernmental receivables and payables at June 30, 2022:

<u>Name of Government Unit</u>	<u>General Fund</u>	<u>Enterprise Fund Food Service</u>
Receivables		
Commonwealth of Pennsylvania:		
Retirement	\$ 525,712	\$ -
Social Security	111,336	-
COVID-19 School Breakfast and Lunch Programs	-	2,491
Safe Schools Grant	3,250	-
Berks County Intermediate Unit - Special Education	277,167	-
Other Local Education Agencies	13,822	-
Federal Subsidies:		
Grants to Local Educational Agencies	409,940	-
Supporting Effective Instruction State Grant	28,337	-
English Language Acquisition State Grant	8,103	-
Student Support and Academic Enrichment Program	17,714	-
COVID-19 - Education Stabilization Fund	970,446	-
COVID-19 - Special Education - Grants to States	8,016	-
COVID-19 - National School Breakfast and Lunch Programs	-	84,472
Total Intergovernmental Receivables	\$ 2,373,843	\$ 86,963
Payables		
Berks County Intermediate Unit	\$ 25,257	\$ -
Mount Penn Borough Municipal Authority	7,965	-
Other Local Education Agencies	118,853	-
Total Intergovernmental Payables	\$ 152,075	\$ -

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 7 - CHANGES IN CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2022, were as follows:

	Beginning Balance (Restated)	Increase	Reclass/ Decrease	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 310,056	\$ -	\$ -	\$ 310,056
Construction in progress	27,217	169,455	-	196,672
Totals not being depreciated	337,273	169,455	-	506,728
Capital assets being depreciated:				
Buildings and building improvements	36,109,169	22,953	-	36,132,122
Land improvements	183,115	-	-	183,115
Furniture and equipment	5,197,583	241,831	-	5,439,414
Totals being depreciated	41,489,867	264,784	-	41,754,651
Less accumulated depreciation for:				
Buildings and building improvements	23,132,208	1,354,862	-	24,487,070
Land improvements	103,899	9,156	-	113,055
Furniture and equipment	4,313,574	152,139	-	4,465,713
Total accumulated depreciation	27,549,681	1,516,157	-	29,065,838
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET	13,940,186	(1,251,373)	-	12,688,813
Right-to-use lease assets being amortized:				
Equipment	42,627	-	-	42,627
Less accumulated amortization for:				
Equipment	-	13,269	-	13,269
Total right-to-use lease assets being amortized, net	42,627	(13,269)	-	29,358
GOVERNMENTAL ACTIVITIES, CAPITAL ASSETS, NET	<u>\$ 14,320,086</u>	<u>\$ (1,095,187)</u>	<u>\$ -</u>	<u>\$ 13,224,899</u>
Business-Type Activities				
Capital assets being depreciated:				
Furniture and equipment	\$ 352,694	\$ 51,801	\$ -	\$ 404,495
Less accumulated depreciation for:				
Furniture and equipment	313,898	9,776	-	323,674
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 38,796</u>	<u>\$ 42,025</u>	<u>\$ -</u>	<u>\$ 80,821</u>

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 7 - CHANGES IN CAPITAL ASSETS - CONTINUED

Depreciation and amortization expense was charged to functions/programs of the governmental activities of the primary government as follows:

Instruction	\$ 763,324
Instructional student support	18,050
Administrative and financial support services	14,584
Operation and maintenance of plant services	712,237
Pupil transportation	19,526
Student activities	<u>1,705</u>
TOTAL DEPRECIATION AND AMORTIZATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u>\$ 1,529,426</u>

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 8 - LONG-TERM LIABILITIES

Bonds and Financed Purchases Payable

The District issues general obligation bonds and financed purchase loans to provide resources for major capital improvements and equipment financed purchases. The bonds and financed purchase liabilities are issued on a pledge of the full faith and credit of the District as well as their general taxing authority.

Bonds and financed purchases payable are as follows at June 30, 2022:

General Obligation Bonds, Series of 2020

The General Obligation Bonds, Series of 2020, aggregate principal of \$9,410,000, were issued July 6, 2020, for the purpose of providing funds to: (1) currently refund the outstanding General Obligation Bonds, Series of 2015 and General Obligation Note, Series of 2016, (2) fund various capital projects, and (3) pay bond issuance costs. The bonds mature from April 2021 to April 2037. Interest is payable semi-annually on April 1 and October 1. Interest rates vary from 1.00% to 4.00%. The District realized a net present value savings of \$101,596 as a result of the refunding.

\$ 8,385,000

General Obligation Bonds, Series of 2021

The General Obligation Bonds, Series of 2021, aggregate principal of \$11,195,000, were issued March 30, 2021, for the purpose of providing funds to: (1) advance refund the outstanding General Obligation Bonds, Series of 2017 and General Obligation Bonds, Series of 2018 and (2) pay bond issuance costs. The bonds mature from April 2022 to April 2035. Interest is payable semi-annually on April 1 and October 1. Interest rates vary from 0.56% to 2.799%. The District realized a net present value savings of \$356,398 as a result of the refunding.

10,875,000

Financed Purchase

The District is liable for a financed purchase maturing November 1, 2022 with annual payments of principal and interest at 2.40%. The proceeds were used to purchase technology equipment. The loan is secured by the related equipment purchased.

74,844

Total bonds and financed purchases payable

\$ 19,334,844

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 8 - LONG-TERM LIABILITIES - CONTINUED

The future annual payments required to amortize all outstanding bonds and financed purchase loans payable are as follows:

General Obligation Bonds				
	Series of 2020	Series of 2021	Total Principal	Total Interest
2023	\$ 790,000	\$ 325,000	\$ 1,115,000	\$ 515,557
2024	820,000	325,000	1,145,000	481,812
2025	845,000	325,000	1,170,000	446,292
2026	880,000	330,000	1,210,000	414,704
2027	895,000	340,000	1,235,000	386,929
2028 - 2032	1,700,000	5,025,000	6,725,000	1,440,545
2033 - 2037	2,455,000	4,205,000	6,660,000	451,865
	<u>\$ 8,385,000</u>	<u>\$ 10,875,000</u>	<u>\$ 19,260,000</u>	<u>\$ 4,137,704</u>
	Direct Borrowings		Total Long -Term Debt	
	Financed Purchases	Interest	Total Principal	Total Interest
2023	\$ 74,844	\$ 1,840	\$ 1,189,844	\$ 517,397
2024	-	-	1,145,000	481,812
2025	-	-	1,170,000	446,292
2026	-	-	1,210,000	414,704
2027	-	-	1,235,000	386,929
2028 - 2032	-	-	6,725,000	1,440,545
2033 - 2037	-	-	6,660,000	451,865
	<u>\$ 74,844</u>	<u>\$ 1,840</u>	<u>\$ 19,334,844</u>	<u>\$ 4,139,544</u>

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 8 - LONG-TERM LIABILITIES - CONTINUED

Leases

The District has entered into lease agreements for equipment such as copiers. The leases have various termination dates through March 2026. These leases include monthly payments of principal and interest at a rate of 6.00%.

Future lease maturities as of June 30 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 13,108	\$ 1,448	\$ 14,556
2024	6,757	799	7,556
2025	5,699	457	6,156
2026	4,504	113	4,617
	<u>\$ 30,068</u>	<u>\$ 2,817</u>	<u>\$ 32,885</u>

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 8 - LONG-TERM LIABILITIES - CONTINUED

Long-term liability balances and activity for the year ended June 30, 2022, are as follows:

	Beginning Balance (Restated)	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities					
General Obligation Bonds:					
Bonds payable	\$ 20,350,000	\$ -	\$ 1,090,000	\$ 19,260,000	\$ 1,115,000
Premiums	549,042	-	38,051	510,991	-
Discounts	(15,658)	-	(1,270)	(14,388)	-
Total bonds payable, net	20,883,384	-	1,126,781	19,756,603	1,115,000
Direct borrowings	147,892	-	73,048	74,844	74,844
Total bonds and direct borrowings payable	21,031,276	-	1,199,829	19,831,447	1,189,844
Leases payable	42,627	-	12,559	30,068	13,108
Compensated absences	263,084	161,925	182,790	242,219	101,773
Net pension liability	26,441,000	-	5,338,000	21,103,000	-
Net other postemployment benefit liabilities	2,456,492	78,426	130,236	2,404,682	-
Total governmental long-term liabilities	<u>\$ 50,234,479</u>	<u>\$ 240,351</u>	<u>\$ 6,863,414</u>	<u>\$ 43,611,416</u>	<u>\$ 1,304,725</u>

Payments on bonds, direct borrowings and leases are made by the general fund. Total interest paid during the year ended June 30, 2022, was \$546,215. The compensated absences liability will also be liquidated by the general fund. The net pension and PSERS OPEB Plan portion of the OPEB liability will be liquidated through future contributions to PSERS at the statutory rates; contributions will be made from the general fund. The District OPEB Plan portion of the OPEB liability will be liquidated through future payments from the general fund.

Events of Default

The District's general obligation bonds contain a provision that in the event of default of non-payment of principal and interest, the School Code allows for the Commonwealth of Pennsylvania to withhold monies from the School District subsidies and pay any past due amounts directly to the paying agent for payment to the bond holders. The financed purchase provisions for default include all principal remaining due immediately, as well as surrendering of the pledged equipment.

Defeased Debt

During the year ended June 30, 2021, the District issued General Obligation Bonds, Series of 2021 in the amount of \$11,195,000. Proceeds were used to advance refund the District's outstanding General Obligation Bonds, Series of 2017 and General Obligation Bonds, Series of 2018. These advance refundings met the requirements of in-substance debt defeasances and the bonds were removed from the District's long-term liabilities. As of June 30, 2022, outstanding general obligation bonds of the District in the amount of \$3,455,000 were considered to be defeased with a related \$3,650,645 (market value at June 30, 2022) held in escrow funds.

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 9 - EMPLOYEE RETIREMENT PLANS

Employee Defined Benefit Pension Plan

General Information About the Pension Plan

Plan Description

PSERS is a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania under Title 24 Part IV of the Pennsylvania General Assembly. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.pa.gov.

Benefits Provided

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 become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 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 2.0% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after 10 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 in the Code) multiplied by the number of years of credited service. A member's right to a defined benefit is vested in 10 years.

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Employee Defined Benefit Pension Plan - continued

General Information About the Pension Plan - continued

Benefits Provided - continued

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2.0% 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 (10 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

The contribution policy is set by state statute and requires contributions by active members, employers, and the Commonwealth of Pennsylvania. The contribution rates based on qualified member compensation for virtually all members is presented below:

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

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Employee Defined Benefit Pension Plan - continued

General Information About the Pension Plan - continued

Contributions - continued

Shared Risk Program Summary				
Membership Class	Defined Benefit (DB) Base Rate	Shared Risk Increment	Minimum	Maximum
T-E	7.50%	+/- 0.50%	5.50%	9.50%
T-F	10.30%	+/- 0.50%	8.30%	12.50%
T-G	5.50%	+/- 0.75%	2.50%	8.50%
T-H	4.50%	+/- 0.75%	1.50%	7.50%

Employer Contributions:

The school districts' contractually required contribution rate for the fiscal year ended June 30, 2022, was 33.99% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The rate was certified by the PSERS board of trustees. Contributions to the pension plan from the District were \$2,634,755 for the year ended June 30, 2022. Contributions to the defined contribution pension plan from the District were \$11,627 for the year ended June 30, 2022.

The District is also required to contribute a percentage of covered payroll to PSERS for healthcare insurance premium assistance. Under the current legislation, the Commonwealth of Pennsylvania reimburses the District for no less than one-half of the employer contributions made, including contributions related to pension and healthcare. This arrangement does not meet the criteria of a special funding situation in accordance with GASB Standards. Therefore, the net pension liability and related pension expense represent 100% of the District's share of these amounts. The total reimbursement recognized by the District for the year ended June 30, 2022, for pension and OPEB benefits was \$1,933,395.

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 \$21,103,000 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 the System's 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 contributions as it relates to the total one-year reported contributions. At June 30, 2022, the District's proportion was 0.0514%, which was a decrease of 0.0023% from its proportion measured as of June 30, 2021.

ANTIETAM SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Employee Defined Benefit Pension Plan - continued

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

For the year ended June 30, 2022, the District recognized pension expense of \$753,894. 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
Net difference between projected and actual investment earnings	\$ -	\$ 3,359,000
Difference between expected and actual experience	16,000	277,000
Changes in proportions - plan level	-	1,759,000
Changes in assumptions	1,024,000	-
Difference between employer contributions and proportionate share of total contributions	17,661	-
Contributions made subsequent to the measurement date	2,634,755	-
	<u>\$ 3,692,416</u>	<u>\$ 5,395,000</u>

The \$2,634,755 deferred outflows of resources related to pensions resulting from District contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the years ending June 30:

2023	\$(1,545,025)
2024	(1,025,085)
2025	(683,582)
2026	(1,083,647)
	<u>\$ (4,337,339)</u>

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Employee Defined Benefit Pension Plan - continued

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

Actuarial Assumptions

The total pension liability at June 30, 2021, was determined by rolling forward the System's total pension liability at 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 - 7.00%, includes inflation at 2.50%.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 improvement scale.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study that was performed for the five year period ended 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 PSERS pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the PSERS 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.

ANTIETAM SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Employee Defined Benefit Pension Plan - continued

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

Actuarial Assumptions - continued

The PSERS 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 is:

	<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	(13.0%)	0.1%
	<u>100.00%</u>	

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.

ANTIETAM SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Employee Defined Benefit Pension Plan - continued

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

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:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	\$ 27,699,000	\$ 21,103,000	\$ 15,540,000

Pension Plan Fiduciary Net Position

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

Payables Related to the Plan

At June 30, 2022, the District had an accrued balance due to PSERS, including contributions related to pension and OPEB of \$748,324. This amount represents the District's contractually obligated contributions for wages earned in April 2022 through June 2022.

403(b) Tax Shelter Plan

The District has established a 403(b) tax shelter plan permitting the establishment of accounts for school employees to voluntarily set aside monies to supplement their retirement income. All school employees are eligible to participate. The District does not contribute to the Plan.

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS

Employee Defined Benefit Other Postemployment Benefit Plans

The District has other postemployment benefits (OPEB) under 2 different plans: (1) a cost-sharing, multiple employer, employee defined benefit other postemployment benefits plan administered through PSERS (PSERS OPEB Plan) and (2) a single employer defined benefit healthcare plan (District OPEB Plan). The District's aggregate net OPEB liability and deferred outflows and inflows of resources related to OPEB at June 30, 2022, are as follows:

Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
PSERS OPEB Plan	\$ 1,218,000	\$ 221,012	\$ 126,000
District OPEB Plan	1,186,682	199,502	247,013
Total	<u>\$ 2,404,682</u>	<u>\$ 420,514</u>	<u>\$ 373,013</u>

PSERS OPEB Plan

General Information About the PSERS OPEB Plan

Health Insurance Premium Assistance Program

PSERS provides Premium Assistance which is a governmental, cost-sharing, multiple-employer, other postemployment benefits 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 (HOP). As of June 30, 2021, there were no assumed future benefit increases to participating eligible retirees.

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

PSERS OPEB Plan - continued

General Information About the PSERS OPEB Plan - continued

Premium Assistance Eligibility Criteria

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

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

Pension Plan Description

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

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.

Contributions

The contribution policy is set by state statute. A portion of each employer's contribution is set aside for premium assistance. The School District's contractually required contribution 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 \$62,012 for the year ended June 30, 2022.

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

PSERS OPEB Plan - continued

General Information About the PSERS OPEB Plan - continued

Contributions - continued

The District is also required to contribute a percentage of covered payroll to PSERS for pension benefits. Under the current legislation, the Commonwealth of Pennsylvania reimburses the District for no less than one-half of the employer contributions made, including contributions related to pension and healthcare. This arrangement does not meet the criteria of a special funding situation in accordance with GASB Standards. Therefore, the net PSERS OPEB Plan liability and related expense represent 100% of the District's share of these amounts. The total reimbursement recognized by the District for the year ended June 30, 2022 for pension and OPEB benefits was \$1,933,395.

PSERS OPEB Plan Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB

At June 30, 2022, the District reported a liability of \$1,218,000 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 the System's 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, 2022, the District's proportion was 0.0514%, which was a decrease of 0.0025% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the District recognized OPEB expense of \$54,866. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 130,000	\$ 16,000
Net difference between projected and actual investment earnings	2,000	-
Differences between expected and actual experience	11,000	-
Changes in proportion	16,000	110,000
Contributions made subsequent to the measurement date	<u>62,012</u>	<u>-</u>
	<u>\$ 221,012</u>	<u>\$ 126,000</u>

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

PSERS OPEB Plan - continued

PSERS OPEB Plan Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB - continued

The \$62,012 reported as deferred outflows of resources related to OPEB resulting from District contributions made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending 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 for the years ending June 30:

2023	\$	3,000
2024		3,000
2025		11,000
2026		2,000
2027		4,000
Thereafter		10,000
	\$	<u>33,000</u>

Actuarial Assumptions

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

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 2.18% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 improvement scale.
- Participation rate:
 - Eligible retirees will elect to participate Pre-age 65 at 50%
 - Eligible retirees will elect to participate Post-age 65 at 70%

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

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

PSERS OPEB Plan - continued

PSERS OPEB Plan Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB - continued

Actuarial Assumptions - continued

The following assumptions were used to determine the contribution rate:

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

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

The OPEB plan's policy in regard to the allocation of invested plan assets is established and may be amended by the PSERS 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.

The PSERS 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 is:

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

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

PSERS OPEB Plan - continued

PSERS OPEB Plan Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB - continued

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.

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 were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2021, 611 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the District's proportionate share of the net OPEB liability for the June 30, 2021 measurement date, calculated using current Healthcare cost trends as well as what the District's proportionate share of the net OPEB liability would be if the health cost trends were one-percentage point lower or one-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	\$ 1,218,000	\$ 1,218,000	\$ 1,218,000

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

PSERS OPEB Plan - continued

PSERS OPEB Plan Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB - continued

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

The following presents the net OPEB liability, calculated using the discount rate of 2.18%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one-percentage point lower (1.18%) or one-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	\$ 1,398,000	\$ 1,218,000	\$ 1,070,000

OPEB Plan Fiduciary Net Position

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

Payables Related to the Plan

At June 30, 2022, the District had an accrued balance due to PSERS of \$748,324, including balances related to pension and OPEB. This amount represents the District's contractually obligated contributions for wages earned in April 2022 through June 2022.

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

District OPEB Plan

General Information About the District OPEB Plan

Plan Description

Antietam School District administers a single-employer defined benefit healthcare plan (the OPEB Plan). The District OPEB Plan provides medical, prescription drug, and dental insurance for eligible retirees through the District's health insurance plan, which covers both active and retired members until the member reaches Medicare age. Benefit provisions are established through negotiation with the District and the unions representing the District's employees. The OPEB Plan does not issue a publicly available financial report and no assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board Statement No. 75 to pay related benefits.

Benefits Provided

The District classifies employees in the following categories: Employees Retired in 2007 and Employees Retired after 2007. Contribution requirements are negotiated between the District and union representatives. Below is a summary of the postemployment benefits provided to each of these groups:

Employees Retired in 2007:

<i>ELIGIBILITY</i>	<i>COVERAGE AND PREMIUM SHARING</i>	<i>DURATION</i>
N/A - Already retired	Medical and Prescription Drug Coverage for Retiree and Spouse paid by the District until the earlier of July 1, 2012, or Retiree Medicare eligibility. Retiree and Spouse may continue coverage until Medicare eligibility by paying the full premium. Retiree and Spouse may continue Dental and Vision coverage by paying the full premium.	Coverage under the District's subsidized benefit is provided until July 1, 2012 or Retiree Medicare eligibility, whichever is earlier. Coverage may continue until Retiree Medicare eligibility, given that the Retiree pays the full premium. Spouse coverage ends at Spouse Medicare eligibility if earlier than above. If the Retiree dies while receiving District paid benefits, spouse coverage may continue until July 1, 2012, spouse Medicare eligibility or until retiree would have been eligible for Medicare, whichever is earliest. Dental and vision coverage are provided until retiree is eligible for Medicare or until retiree death, whichever is earlier. Spouse coverage ends at spouse Medicare eligibility if earlier than above.

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

District OPEB Plan - continued

General Information About the District OPEB Plan - continued

Benefits Provided - continued

Employees Retired after 2007:

<i>ELIGIBILITY</i>	<i>COVERAGE AND PREMIUM SHARING</i>	<i>DURATION</i>
Act 110/43 Requirements	Act 110/43 Grandfathered Retiree: The former Superintendent has a special contract and pays 50% of the premium for coverage.	Coverage provided until the earlier of Retiree Medicare eligibility or Retiree death. Spouse coverage ends at Spouse Medicare eligibility if earlier than above.

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

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

PSERS Superannuation Retirement:

- 1) Pension Class T-C or T-D: An employee is eligible for PSERS retirement if he (or she) is eligible for either PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS service, age 62 with 1 year of PSERS service, or 35 years of PSERS service regardless of age. In general, these pension classes apply to individuals who were members of PSERS prior to July 1, 2011.
- 2) Pension Class T-E or T-F: An employee is eligible for PSERS retirement if he (or she) is eligible for either: PSERS superannuation retirement upon reaching age 65 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 92 with a minimum of 35 years of PSERS service. In general, these pension classes apply to individuals who became members of PSERS on or after July 1, 2011 and prior to July 1, 2019.
- 3) Pension Class T-G: An employee is eligible for PSERS retirement if he (or she) is eligible for either: PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 97 with a minimum of 35 years of PSERS service. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.

ANTIETAM SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

District OPEB Plan - continued

General Information About the District OPEB Plan - continued

Benefits Provided - continued

- 4) Pension Class T-H: An employee is eligible for PSERS retirement if he (or she) is eligible for either: PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.

Employees Covered by Benefit Terms

At July 1, 2021, the date of the most recent actuary valuation, the following employees were covered by the benefit terms:

Active participants	127
Retired participants	<u>7</u>
Total	<u><u>134</u></u>

OPEB Liability

Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2021, was determined by rolling forward the District's total OPEB liability as of July 1, 2020 to July 1, 2021, using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- Actuarial cost method - Entry Age Normal.
- Salary increases - 2.50% cost of living adjustment, 1% real wage growth, and for teachers and administrators a merit increase which varies by age from 2.75% to 0%.
- Discount rate - 2.28% - based on the Standard & Poor's Municipal Bond 20 Year High Grade Rate Index at July 1, 2021.
- Mortality rates - Separate rates are assumed preretirement and postretirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation. Incorporated into the table are rates projected generationally by the Buck Modified 2016 projection scale to reflect mortality improvement.
- Healthcare cost trend rates - 5.5% in 2020 through 2023. Rates gradually decrease from 5.4% in 2024 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
- Participation rates - 75% of employees are assumed to elect coverage.

The actuarial assumptions were selected using input from the District based on actual experience.

ANTIETAM SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

District OPEB Plan - continued

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2021	\$ 1,291,492
Changes for the year:	
Service cost	119,236
Interest	25,531
Differences between expected and actual experience	(137,042)
Changes of assumptions	(42,165)
Benefit payments	(70,370)
Net changes	<u>(104,810)</u>
Balance at June 30, 2022	<u>\$ 1,186,682</u>

Changes of assumptions or other inputs reflect the following changes: (1) the discount rate changed from 1.86% to 2.28%.

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one-percentage point lower (1.28%) or one-percentage point higher (3.28%) than the current discount rate:

	1% Decrease (1.28%)	Current Discount Rate (2.28%)	1% Increase (3.28%)
OPEB Plan - Total OPEB liability	\$ 1,288,564	\$ 1,186,682	\$ 1,090,270

ANTIETAM SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

District OPEB Plan - continued

Changes in the Total OPEB Liability - continued

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

The following presents total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one-percentage point lower or one-percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
OPEB Plan - Total OPEB Liability	\$ 1,025,110	\$ 1,186,682	\$ 1,382,664

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 \$139,182. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 160,996	\$ 68,718
Differences between expected and actual experience	-	178,295
Benefit payments made subsequent to the measurement date	38,506	-
	<u>\$ 199,502</u>	<u>\$ 247,013</u>

ANTIETAM SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

District OPEB Plan - continued

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

The \$38,506 reported as deferred outflows of resources related to OPEB liabilities resulting from benefit payments made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending 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 for the years ending June 30:

2023	\$ (5,585)
2024	(5,585)
2025	(5,585)
2026	(5,585)
2027	(5,585)
Thereafter	<u>(58,092)</u>
Total	<u>\$ (86,017)</u>

NOTE 11 - JOINT VENTURE

The District is a participating member of the Berks Career & Technology Center. The Berks Career & Technology Center is controlled and governed by a joint board, which is composed of representative school board members of the participating schools. Direct oversight of the Berks Career & Technology Center operations is the responsibility of the joint board. The District's share of annual operating and capital costs for Berks Career & Technology Center fluctuates based on the percentage of enrollment. The District's share for the 2021/2022 year was \$410,007.

Summary financial information as of June 30, 2021 (the most recent information available), is as follows:

<u>Berks Career & Technology Center (Governmental Activities)</u>	
Total assets and deferred outflows of resources	\$ 32,849,856
Total liabilities and deferred inflows of resources	<u>31,170,792</u>
Total net position	<u>\$ 1,679,064</u>

Separate financial statements of the Berks Career & Technology Center have been prepared and are available.

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 12 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs except for workers' compensation, for which the District retains risk of loss. For insured programs, there were no significant reductions in insurance coverage for the 2021/2022 year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 13 - CONTINGENT LIABILITIES AND COMMITMENTS

The District receives federal, state, and local funding through a number of programs. Payments made by these sources under contractual agreements are provisional and subject to redetermination based on filing reports and audits of those reports. Final settlements due from or to these sources are recorded in the year in which the related services are performed. Any adjustments resulting from subsequent examinations are recognized in the year in which the results of such examinations become known. District officials do not expect any significant adjustments as a result of these examinations.

At June 30, 2022, the District has entered into a number of contracts related to school renovation projects. Commitments outstanding are as follows at June 30, 2022 and will be satisfied through the capital projects fund:

	<u>Commitment Remaining</u>
HVAC and BAS Upgrade Project	\$ 1,528,786
Streambank Stabilization Project	750,275
Other Projects	<u>106,235</u>
	<u>\$ 2,385,296</u>

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 14 - OTHER RETIREMENT PLAN

The District maintains a Special Pay Deferral Plan for retiring teachers under section 401(a) of the IRS Code. This Plan is designed to handle payments to employees at retirement in a tax-advantaged manner. Payments are based on accumulated sick leave, unused vacation, and a \$5,000 retirement incentive for professional and administrative staff if employed by the District for at least seventeen years. For the year ended June 30, 2022, the District contributed \$18,050 on behalf of its retirees to the plan.

NOTE 15 - FUND BALANCE

Details of the District's governmental fund balance reporting and policy can be found in Note 1, *Summary of Significant Accounting Policies*. Fund balance classifications for the year ended June 30, 2022, are as follows:

General Fund

The general fund has a committed fund balance of \$3,310,894 for retirement rate increases, assigned fund balance of \$1,478,992 to balance the 2022/2023 school budget, and unassigned fund balance of \$1,987,855. The commitment was authorized by the board of school directors' motion to set aside resources to fund anticipated increases in PSERS contributions.

Capital Projects Fund

The capital projects fund has restricted funds of \$2,619,034 consisting of \$2,085,316 of unspent bond funds and \$533,718 comprised of surplus money transferred from the general fund for the acquisition or construction of capital facilities and qualifying capital assets as authorized by Municipal Code P.L. 145 Act of April 30, 1943.

Nonmajor Funds

The nonmajor funds have restricted funds of \$78,757 consisting of \$6,944 for scholarships and \$71,813 for student activities.

ANTIETAM SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 16 - NEW ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has issued the following standards which have not yet been implemented:

- Statement No. 96, *Subscription-Based IT Arrangements* - This statement establishes guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. This statement is effective for the District's fiscal year ending June 30, 2023.
- Statement No. 100, *Accounting Changes and Error Corrections - an Amendment of Statement No. 62* - The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.
- Statement No. 101, *Compensated Absences* - The primary objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

The District has not yet completed the analysis necessary to determine the actual financial statement impact of these new pronouncements.

REQUIRED SUPPLEMENTARY INFORMATION

ANTIETAM SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND

For the Year Ended June 30, 2022

	BUDGET		ACTUAL	VARIANCE
	Original	Final	(GAAP Basis)	Final to Actual
REVENUES				
Local sources	\$ 11,494,551	\$ 11,494,551	\$ 12,332,253	\$ 837,702
State sources	7,915,056	7,915,056	7,942,014	26,958
Federal sources	2,404,564	2,404,564	1,334,316	(1,070,248)
TOTAL REVENUES	21,814,171	21,814,171	21,608,583	(205,588)
EXPENDITURES				
INSTRUCTIONAL SERVICES:				
Regular programs - elementary/secondary	8,770,102	8,770,102	8,269,468	500,634
Special programs - elementary/secondary	4,614,882	4,614,882	3,706,570	908,312
Vocational education	395,495	395,495	410,007	(14,512)
Other instructional programs - elementary/secondary	42,574	42,574	15,129	27,445
Nonpublic school programs	45,000	45,000	16,364	28,636
TOTAL INSTRUCTIONAL SERVICES	13,868,053	13,868,053	12,417,538	1,450,515
SUPPORT SERVICES:				
Students	740,781	740,781	686,392	54,389
Instructional staff	819,654	819,654	735,944	83,710
Administration	1,743,856	1,743,856	1,750,596	(6,740)
Pupil health services	220,139	220,139	197,260	22,879
Business services	459,588	459,588	421,720	37,868
Operation and maintenance of plant	1,588,171	1,588,171	1,700,591	(112,420)
Student transportation	266,287	266,287	355,378	(89,091)
Central	486,081	486,081	429,367	56,714
Other	9,000	9,000	6,428	2,572
TOTAL SUPPORT SERVICES	6,333,557	6,333,557	6,283,676	49,881
OPERATION OF NONINSTRUCTIONAL SERVICES:				
Student activities	504,984	504,984	427,892	77,092
Community services	19,500	19,500	7,835	11,665
TOTAL OPERATION OF NONINSTRUCTIONAL SERVICES	524,484	524,484	435,727	88,757
CAPITAL OUTLAY	1,014,200	1,014,200	32,500	981,700
DEBT SERVICE PAYMENTS	1,818,083	1,818,083	1,721,822	96,261
REFUND OF PRIOR YEAR REVENUE	-	-	409	(409)
TOTAL EXPENDITURES	23,558,377	23,558,377	20,891,672	2,666,705
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES	(1,744,206)	(1,744,206)	716,911	2,461,117
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	2,500	2,500
Budgetary reserve	(100,000)	(100,000)	-	100,000
TOTAL OTHER FINANCING SOURCES (USES)	(100,000)	(100,000)	2,500	102,500
REVENUES AND OTHER FINANCING SOURCES (UNDER) OVER EXPENDITURES AND OTHER FINANCING USES	\$ (1,844,206)	\$ (1,844,206)	719,411	\$ 2,563,617
FUND BALANCE - BEGINNING OF YEAR			6,058,330	
FUND BALANCE - END OF YEAR			\$ 6,777,741	

See note to required supplementary information.

ANTIETAM SCHOOL DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2022

BUDGETARY DATA

The budget for the general fund is adopted on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the PDE 2028 when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all 2021/2022 budget transfers.

Excess of Expenditures Over Appropriations in Individual Funds

No individual governmental fund required to have a legally adopted budget had an excess of expenditures over appropriations.

Budgetary Compliance

The District's only legally adopted budget is for the General Fund. All budgetary transfers were made within the last nine months of the fiscal year. The District cancels all purchase orders open at year end; therefore, it does not have any outstanding encumbrances at June 30, 2022. In addition, the District includes a portion of the prior year's fund balance represented by unappropriated liquid assets remaining in the fund as budgeted revenue in the succeeding year. The results of operations on a GAAP basis does not recognize the fund balance allocation as revenue as it represents prior period's excess of revenues over expenditures.

ANTIETAM SCHOOL DISTRICT

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
AND RELATED RATIOS - PENSION PLAN**

LAST TEN FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the collective net pension liability	0.0514%	0.0537%	0.0566%	0.0586%	0.0569%	0.0570%	0.0553%	0.0538%	0.0531%
District's proportionate share of the collective net pension liability	\$ 21,103,000	\$ 26,441,000	\$ 26,479,000	\$ 28,131,000	\$ 28,102,000	\$ 28,247,000	\$ 23,953,000	\$ 21,295,000	\$ 21,737,000
District's covered payroll	\$ 7,285,159	\$ 7,560,304	\$ 7,807,333	\$ 7,897,229	\$ 7,574,938	\$ 7,382,318	\$ 7,118,330	\$ 6,867,209	\$ 6,812,734
District's proportionate share of the net pension liability as a percentage of its covered payroll	289.67%	349.73%	339.16%	356.21%	370.99%	382.63%	336.50%	310.10%	319.06%
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%	54.50%

The District's covered payroll noted above is as of the measurement date of the net pension liability, which is one year prior to the fiscal year end.

NOTES TO SCHEDULE

Changes in benefit terms

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

Changes in assumptions used in measurement of the Total Pension Liability beginning June 30, 2021

- The Discount Rate decreased from 7.25% to 7.00%. The inflation assumption was decreased from 2.75% to 2.50%. Payroll growth assumption decreased from 3.50% to 3.25%.
- Salary growth changed from an effective average of 5.00%, which was comprised of inflation of 2.75%, real wage growth and for merit or seniority increases of 2.25%, to an effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were modified from the RP-2014 Mortality Tables for Males and Females to a blended table based on 50% PubT-2010 Employee (Total Teacher dataset) and 50% PubG-2010 (Total General Employees data), adjusted to reflect PSERS' experience and projected using a modified version MP-2020.
- For disabled annuitants the rates were modified from the RP-2014 Mortality Tables for Males and Females to Pub-2010 Disability Mortality Non-Safety Headcount Weighted table, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020.

Changes in assumptions used in measurement of the Total Pension Liability beginning June 30, 2016

- The Investment Rate of Return was adjusted from 7.50% to 7.25%. The inflation assumption was decreased from 3.00% to 2.75%.
- Salary growth changed from an effective average of 5.50%, which was comprised of inflation of 3.00%, real wage growth and for merit or seniority increases of 2.50%, to an effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Mortality rates were modified from the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. For disabled annuitants the RP-2000 Combined Disabled Tables (male and female) with age set back 7 years for males and 3 years for females to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for only those years available is shown.

ANTIETAM SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS - PENSION PLAN

LAST TEN FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 2,634,755	\$ 2,446,514	\$ 2,514,055	\$ 2,567,503	\$ 2,530,086	\$ 2,221,866	\$ 1,848,991	\$ 1,479,329	\$ 1,106,236	\$ 794,896
Contributions in relation to the contractually required contribution	<u>2,634,755</u>	<u>2,446,514</u>	<u>2,514,055</u>	<u>2,567,503</u>	<u>2,530,086</u>	<u>2,221,866</u>	<u>1,848,991</u>	<u>1,479,329</u>	<u>1,106,236</u>	<u>794,896</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 7,928,144	\$ 7,285,159	\$ 7,560,304	\$ 7,807,333	\$ 7,897,229	\$ 7,574,938	\$ 7,382,318	\$ 7,118,330	\$ 6,867,209	\$ 6,812,734
Contributions as a percentage of covered payroll	33.23%	33.58%	33.25%	32.89%	32.04%	29.33%	25.05%	20.78%	16.11%	11.67%

ANTIETAM SCHOOL DISTRICT

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND RELATED RATIOS -
PSERS OPEB PLAN**

LAST TEN FISCAL YEARS

	2022	2021	2020	2019	2018	2017
District's proportion of the collective net PSERS OPEB liability	0.0514%	0.0539%	0.0566%	0.0586%	0.0569%	0.0570%
District's proportionate share of the collective net PSERS OPEB liability	\$ 1,218,000	\$ 1,165,000	\$ 1,204,000	\$ 1,222,000	\$ 1,159,000	\$ 1,228,000
District's covered payroll	\$ 7,285,159	\$ 7,560,304	\$ 7,807,333	\$ 7,897,229	\$ 7,574,938	\$ 7,382,318
District's proportionate share of the net PSERS OPEB liability as a percentage of its covered payroll	16.72%	15.41%	15.42%	15.47%	15.30%	16.63%
Plan fiduciary net position as a percentage of the total PSERS OPEB liability	5.30%	5.69%	5.56%	5.56%	5.73%	5.47%

The District's covered payroll noted above is as of the measurement date of the net PSERS OPEB liability, which is one year prior to the fiscal year end.

NOTES TO SCHEDULE

Changes in benefit terms

None.

Changes in assumptions used in measurement of the Total OPEB Liability beginning June 30, 2021

- The Discount Rate decreased from 2.66% to 2.18%. The inflation assumption was decreased from 2.75% to 2.50%. Payroll growth assumption decreased from 3.50% to 3.25%.
- Salary growth changed from an effective average of 5.00%, which was comprised of inflation of 2.75%, real wage growth and for merit or seniority increases of 2.25%, to an effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were modified from the RP-2014 Mortality Tables for Males and Females to a blended table based on 50% PubT-2010 Employee (Total Teacher dataset) and 50% PubG-2010 (Total General Employees data), adjusted to reflect PSERS' experience and projected using a modified version MP-2020.
- For disabled annuitants the rates were modified from the RP-2014 Mortality Tables for Males and Females to Pub-2010 Disability Mortality Non-Safety Headcount Weighted table, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020.

Changes in assumptions used in measurement of the Total OPEB liability beginning June 30, 2016

- Salary growth changed from an effective average of 5.50%, which was comprised of inflation of 3.00%, real wage growth and for merit or seniority increases of 2.50%, to an effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Mortality rates were modified from the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. For disabled annuitants the RP-2000 Combined Disabled Tables (male and female) with age set back 7 years for males and 3 years for females to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

For each year presented, the discount rate is updated using the S&P 20-year Municipal Bond Rate.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for only those years available is shown.

ANTIETAM SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS - PSERS OPEB PLAN

LAST TEN FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 62,012	\$ 59,866	\$ 63,304	\$ 65,369	\$ 65,043	\$ 62,138	\$ 62,126	\$ 64,946	\$ 64,300	\$ 59,444
Contributions in relation to the contractually required contribution	<u>62,012</u>	<u>59,866</u>	<u>63,304</u>	<u>65,369</u>	<u>65,043</u>	<u>62,138</u>	<u>62,126</u>	<u>64,946</u>	<u>64,300</u>	<u>59,444</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 7,928,144	\$ 7,285,159	\$ 7,560,304	\$ 7,807,333	\$ 7,897,229	\$ 7,574,938	\$ 7,382,318	\$ 7,118,330	\$ 6,867,209	\$ 6,812,734
Contributions as a percentage of covered payroll	0.78%	0.82%	0.84%	0.84%	0.82%	0.82%	0.84%	0.91%	0.94%	0.87%

ANTIETAM SCHOOL DISTRICT

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS -
DISTRICT OPEB PLAN**

LAST TEN FISCAL YEARS

	2022	2021	2020	2019	2018
Total OPEB liability:					
Service cost	\$ 119,236	\$ 86,344	\$ 89,570	\$ 84,532	\$ 78,871
Interest	25,531	37,882	34,110	33,498	25,097
Differences between expected and actual experience	(137,042)	-	(40,627)	-	(25,213)
Changes in assumptions	(42,165)	160,082	(34,346)	(1,747)	31,389
Benefit payments	(70,370)	(74,026)	(49,226)	(44,142)	(64,575)
	<u>(104,810)</u>	<u>210,282</u>	<u>(519)</u>	<u>72,141</u>	<u>45,569</u>
Net change in total OPEB liability					
Total OPEB liability, beginning	<u>1,291,492</u>	<u>1,081,210</u>	<u>1,081,729</u>	<u>1,009,588</u>	<u>964,019</u>
Total OPEB liability, ending	<u><u>\$ 1,186,682</u></u>	<u><u>\$ 1,291,492</u></u>	<u><u>\$ 1,081,210</u></u>	<u><u>\$ 1,081,729</u></u>	<u><u>\$ 1,009,588</u></u>
Covered Employee Payroll	<u><u>\$ 7,246,372</u></u>	<u><u>\$ 6,842,662</u></u>	<u><u>\$ 6,842,662</u></u>	<u><u>\$ 7,030,763</u></u>	<u><u>\$ 7,030,763</u></u>
Total OPEB liability as a Percentage of Covered Employee Payroll	16.38%	18.87%	15.80%	15.39%	14.36%

NOTES TO SCHEDULE

Changes of Benefit Terms

None.

Changes of Assumptions

Significant changes in assumptions for the July 1, 2021 measurement date are as follows:

- The discount rate changed from 1.86% to 2.28%.

Significant changes in assumptions for prior measurement dates are as follows:

- The discount rate was updated each year based on the S&P Municipal Bond 20-year High Grade Index.
- The healthcare cost trend assumption was updated each year.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for only those years available is shown.

SUPPLEMENTARY INFORMATION

ANTIETAM SCHOOL DISTRICT
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2022

	<u>Scholarships</u>	<u>Student Activities</u>	<u>Totals</u>
ASSETS			
CURRENT ASSETS			
Cash and investments	<u>\$ 6,944</u>	<u>\$ 72,014</u>	<u>\$ 78,958</u>
LIABILITIES			
Accounts payable	\$ -	\$ 201	\$ 201
FUND BALANCES - restricted	<u>6,944</u>	<u>71,813</u>	<u>78,757</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,944</u>	<u>\$ 72,014</u>	<u>\$ 78,958</u>

ANTIETAM SCHOOL DISTRICT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2022

	<u>Scholarships</u>	<u>Student Activities</u>	<u>Totals</u>
REVENUE			
Local sources	\$ -	\$ 110,346	\$ 110,346
EXPENDITURES			
Current:			
Operating of noninstructional services	<u>1,900</u>	<u>99,232</u>	<u>101,132</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,900)	11,114	9,214
FUND BALANCES, BEGINNING OF YEAR	<u>8,844</u>	<u>60,699</u>	<u>69,543</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 6,944</u></u>	<u><u>\$ 71,813</u></u>	<u><u>\$ 78,757</u></u>

ANTIETAM SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Source Code	Assistance Listing Number (ALN)	Pass-Through Grantor's Number	Grant Period Beginning/ Ending Dates	Program or Award Amount	Receipts for the Year	Accrued (Unearned) Revenue at June 30, 2021	Revenue Recognized/ Expenditures	Accrued (Unearned) Revenue at June 30, 2022
U.S. DEPARTMENT OF EDUCATION									
Passed through Commonwealth of Pennsylvania Department of Education:									
Title I Grants to Local Educational Agencies	I	84.010	013-22-0011	8/18/21-9/30/22	\$ 295,402	\$ 84,529	\$ -	\$ 290,328	\$ 205,799
Title I Grants to Local Educational Agencies	I	84.010	013-21-0011	8/20/20-9/30/21	317,519	-	204,141	-	204,141
Subtotal - ALN 84.010						84,529	204,141	290,328	409,940
Supporting Effective Instruction State Grant	I	84.367	020-22-0011	8/18/21-9/30/22	39,725	11,388	-	39,725	28,337
Supporting Effective Instruction State Grant	I	84.367	020-21-0011	8/20/20-9/30/21	42,262	27,288	27,288	-	-
Subtotal - ALN 84.367						38,676	27,288	39,725	28,337
English Language Acquisition State Grants	I	84.365	010-22-0011	8/18/21-9/30/22	14,049	5,946	-	14,049	8,103
Student Support and Academic Enrichment Grant	I	84.424	144-22-0011	8/18/21-9/30/22	24,794	7,080	-	24,794	17,714
Student Support and Academic Enrichment Grant	I	85.424	144-21-0011	8/20/20-9/30/21	22,740	14,619	14,619	-	-
Student Support and Academic Enrichment Grant	I	84.424	144-20-0011	8/21/19-9/30/20	22,727	9,740	9,740	-	-
Subtotal - ALN 84.424						31,439	24,359	24,794	17,714
Education Stabilization Fund									
Passed through Commonwealth of Pennsylvania Department of Education:									
COVID-19 - Governor's Emergency Education Relief Fund	I	84.425C	254-20-0011	3/13/20-9/30/21	39,510	29,113	29,113	-	-
COVID-19 - Governor's Emergency Education Relief Fund	I	84.425C	253-20-0011	3/13/20-9/30/21	9,100	7,663	7,663	-	-
COVID-19 - Governor's Emergency Education Relief Fund	I	84.425C	224-21-0011	3/13/20-9/30/24	36,247	1,977	-	-	(1,977)
Subtotal - ALN 84.425C						38,753	36,776	-	(1,977)
COVID-19 - Elementary and Secondary School Emergency Relief	I	84.425D	200-21-0011	3/13/20-9/30/23	1,217,490	141,569	-	853,749	712,180
COVID-19 - Elementary and Secondary School Emergency Relief	I	84.425D	200-20-0011	3/13/20-9/30/22	246,284	12,962	204,289	3,108	194,435
Passed through the Pennsylvania Commission on Crime and Delinquency:									
COVID-19 - Elementary and Secondary School Emergency Relief	I	84.425D	2020-ES-01-35254	3/13/20-9/30/22	36,214	-	4,619	28,731	33,350
Subtotal - ALN 84.425D						154,531	208,908	885,588	939,965
Passed through Commonwealth of Pennsylvania Department of Education:									
COVID-19 - American Rescue Plan Elementary and Secondary School Emergency Relief	I	84.425U	223-21-0011	03/13/20-09/30/24	2,462,630	179,100	-	32,500	(146,600)
COVID-19 - American Rescue Plan Elementary and Secondary School Emergency Relief	I	84.425U	225-21-0011	03/13/20-09/30/24	136,716	9,943	-	33,891	23,948
COVID-19 - American Rescue Plan Elementary and Secondary School Emergency Relief	I	84.425U	225-21-0011	03/13/20-09/30/24	27,343	1,989	-	8,522	6,533
COVID-19 - American Rescue Plan Elementary and Secondary School Emergency Relief	I	84.425U	225-21-0011	03/13/20-09/30/24	27,343	1,988	-	-	(1,988)
Subtotal - ALN 84.425U						193,020	-	74,913	(118,107)
Total Education Stabilization Fund - ALN 84.425						386,304	245,684	960,501	819,881

See notes to schedule of expenditures of federal awards

ANTIETAM SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Source Code	Assistance Listing Number (ALN)	Pass-Through Grantor's Number	Grant Period Beginning/ Ending Dates	Program or Award Amount	Receipts for the Year	Accrued (Unearned) Revenue at June 30, 2021	Revenue Recognized/ Expenditures	Accrued (Unearned) Revenue at June 30, 2022
Special Education Cluster (IDEA)									
Passed through Berks County Intermediate Unit:									
Special Education - Preschool Grants	I	84.173	62-21-0014	7/1/21-9/30/22	4,296	-	-	4,296	4,296
Special Education - Preschool Grants	I	84.173	62-20-0014	7/1/20-9/30/21	2,415	2,415	2,415	-	-
Subtotal - ALN 84.173						2,415	2,415	4,296	4,296
Special Education - Grants to States	I	84.027	62-22-0014	7/1/21-9/30/22	241,247	-	-	241,247	241,247
Special Education - Grants to States	I	84.027	62-20-0014	7/1/20-9/30/21	236,212	236,212	236,212	-	-
COVID-19 - American Rescue Plan - Grants to States	I	84.027X	62-22-0014	7/1/21-9/30/23	56,310	-	-	31,624	31,624
Passed through Commonwealth of Pennsylvania Department of Education:									
COVID-19 - Special Education - Grants to States	I	84.027	252-20-0011	7/1/20-9/30/21	13,360	891	3,988	4,919	8,016
Subtotal - ALN 84.027						237,103	240,200	277,790	280,887
Total Special Education Cluster (IDEA)						239,518	242,615	282,086	285,183
TOTAL U.S. DEPARTMENT OF EDUCATION						786,412	744,087	1,611,483	1,569,158
<u>U.S. DEPARTMENT OF AGRICULTURE</u>									
Child Nutrition Cluster									
Passed through Commonwealth of Pennsylvania Department of Education:									
COVID-19 - School Breakfast Program	I	10.553	N/A	7/1/21-6/30/22	N/A	79,256	-	93,406	14,150
COVID-19 - Summer Food Program	I	10.559	N/A	7/1/21-6/30/22	N/A	25,683	-	25,683	-
COVID-19 - Summer Food Program	I	10.559	N/A	7/1/20-6/30/21	N/A	15,710	15,710	-	-
Subtotal - ALN 10.559						41,393	15,710	25,683	-
COVID-19 - National School Lunch Program	I	10.555	N/A	7/1/21-6/30/22	N/A	454,094	-	524,416	70,322
COVID-19 - National School Lunch Program	I	10.555	N/A	7/1/21-6/30/22	N/A	26,240	-	26,240	-
Passed through Commonwealth of Pennsylvania Department of Agriculture:									
National School Lunch Program	I	10.555	N/A	7/1/21-6/30/22	N/A	51,230	-	43,176	(8,054)
Subtotal - ALN 10.555						531,564	-	593,832	62,268
Total Child Nutrition Cluster						652,213	15,710	712,921	76,418
Passed through Commonwealth of Pennsylvania Department of Education:									
Pandemic EBT Administrative Costs	I	10.649	N/A	07/01/21-06/30/22	N/A	3,063	-	3,063	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE						655,276	15,710	715,984	76,418
TOTAL FEDERAL AWARDS						<u>\$ 1,441,688</u>	<u>\$ 759,797</u>	<u>\$ 2,327,467</u>	<u>\$ 1,645,576</u>

I = Indirect Source of Funding

Note: No funds were passed through to subrecipients in the year ended June 30, 2022.

See notes to schedule of expenditures of federal awards

ANTIETAM SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2022

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Antietam 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 the Antietam School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Antietam School District.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to the reimbursement. Negative amounts shown on the Schedule represent adjustment or credits made in the normal course of business for amounts reported as expenditures in prior years.

NOTE 3 - DE MINIMIS RATE FOR INDIRECT COSTS

The District did not elect to use the de minimis rate for indirect costs.

NOTE 4 - FOOD 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 \$8,054 of food commodity inventory.

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

**To the Board of School Directors
Antietam School District
Reading, Pennsylvania**

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 Antietam School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Antietam School District's basic financial statements, and have issued our report thereon dated March 20, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Antietam 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 Antietam School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Antietam 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 Antietam 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.

Herbein + Company, Inc.

Reading, Pennsylvania
March 20, 2023

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

**To the Board of School Directors
Antietam School District
Reading, Pennsylvania**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Antietam School Districts 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 Antietam School District’s major federal programs for the year ended June 30, 2022. Antietam School District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Antietam 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 Antietam 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 Antietam School District’s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Antietam 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 Antietam 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 Antietam 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 Antietam 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 Antietam 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material 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.

Herbein + Company, Inc.

Reading, Pennsylvania
March 20, 2023

ANTIETAM SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued: Unmodified

Internal Control Over Financial Reporting:

Material weakness(es) identified? yes X no

Significant deficiency(ies) 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(ies) identified not considered to be material weaknesses? yes X none reported

Type of Auditor's Report Issued on Compliance for Major Programs: Unmodified

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

Identification of Major Program(s):

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425	COVID-19 - Education Stabilization Fund

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

Auditee qualified as low-risk auditee? X yes no

ANTIETAM SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022

Section II - Financial Statement Findings

There were no financial statement findings.

Section III - Federal Awards Findings and Questioned Costs

There were no federal awards findings or questioned costs reported.



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Director of Finance & Business Services
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STATUS OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2022

Section II - Financial Statement Findings

There were no financial statement findings for the year ended June 30, 2021.

Section III - Federal Awards Findings and Questioned Costs

There were no federal awards findings or questioned costs for the year ended June 30, 2021.