

**MUNCY SCHOOL DISTRICT
MUNCY, PENNSYLVANIA 17756**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2022

(WITH INDEPENDENT SINGLE AUDIT REPORTS THEREON)

**MUNCY SCHOOL DISTRICT
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

(WITH INDEPENDENT SINGLE AUDIT REPORTS THEREON)

JUNE 30, 2022

TABLE OF CONTENTS

	<u>Page</u>
<i>Management’s Discussion and Analysis</i>	MD&A 1 - MD&A 14
<i>Independent Auditor’s Report</i>	1-3
<u>Basic Financial Statements:</u>	
Government-wide Financial Statements:	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements:	
Balance Sheet--Governmental Funds	6
Reconciliation of Total Governmental Fund Balances To Net Position of Governmental Funds.....	7
Statement of Revenues, Expenditures, and Changes in Fund balances--Governmental Funds.....	8
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund balances--Governmental Funds to Statement of Activities.....	9
Statement of Revenues, Expenditures, and Changes in Fund balance--Budget and Actual--General Fund	10
Statement of Net Position--Proprietary Fund.....	11
Statement of Revenues, Expenditures, and Changes in Net Position -- Proprietary Fund	12
Statement of Cash Flows--Proprietary Fund.....	13
Statement of Fiduciary Net Position	14

(Basic Financial Statements Continued):

Statement Changes in Fiduciary Net Position	15
Notes to Financial Statements	16 - 59

Required Supplementary Information (RSI):

Pension:

<i>Schedule of the District's Proportionate Share of the Net Pension Liability</i>	RSI-1
<i>Schedule of the District's Pension Contributions</i>	RSI-2

OPEB-Montgomery Area School District Postemployment Benefits Plan (District Plan):

<i>Schedules of the District's Total OPEB Liability and Related Ratios</i>	RSI-3
--	-------

OPEB-PSERS Health Insurance Premium Assistance Program (PSERS Plan):

<i>Schedule of the District's Proportionate Share of the Net OPEB Liability</i>	RSI-4
<i>Schedule of the District's OPEB Contributions</i>	RSI-5

Other Reporting required by Government Auditing Standards:

<i>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</i>	60-61
---	-------

Other Information (with Independent Auditor reporting thereon):

Schedule of Expenditures of Federal and State Awards	62-63
Notes to the Schedule of Expenditures of Federal and State Awards	64
<i>Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance and Required by the Title 2 U.S. CFR Part 200 Uniform Guidance</i>	65-67
<i>Schedule of Findings and Questioned Costs</i>	68-69
<i>Notes to the Schedule of Findings and Questioned Costs</i>	70
<i>Schedule of Prior Findings and Questioned Costs</i>	71

Other Administrative Information:

Report Distribution	72
Lead Auditor Information	73

**Muncy School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2022
(UNAUDITED)**

MD & A Page 1 of 14

The Management, Discussion and Analysis (MD&A) of the Muncy School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2022. The MD&A is intended to provide the reader with friendly insight into management's analysis of the financial statements and related, accompanying information. Although this MD&A looks at the District's financial performance as a whole, readers should review the independent auditor's reports, the basic financial statements, and the notes to those financial statements to augment their understanding of the District's financial performance.

Condensed comparative analysis of financial statements to the previous year are included in this analysis.

Financial Highlights:

- ❖ Total net position of Governmental Activities increased by \$1.6-million or 9.3%, and the Proprietary Fund / Business-Type Activity (Food Service) showed a \$216-thousand and nearly 38.6% improvement in net position. These changes are detailed in the Statement of Activities included in the financial statements.
- ❖ The operations of the District's General Fund finished the year with revenue of approximately \$19.8-million, which was approximately \$1.2-million or 6.3% unfavorable as compared to final budget. However, fiscal year 2021-2022 saw expenditures of approximately \$19.5-million (including debt service transfers) which was approximately \$541-thousand or 2.9% unfavorable to the final budgeted amount when debt service and the budgeted reserve are taken into account. Each of these variances as compared to budget are largely attributable to timing of Federal COVID-19 response and recovery grant funded activities which are underway under multi-year grants running from the outset of the COVID-19 pandemic through, at least, the District's 2023-2024 fiscal year.
- ❖ The District's General Fund ended the year with a fund balance of \$2,905,067 which represents an increase of approximately \$203-thousand or 7.5%.

A Brief Guide to the Financial Statements:

The financial statements of the District include presentation on two levels-

- Government-wide statements
- Governmental fund statements

Government-wide Statements:

These statements present the District's financial information in an aggregated format split into two types of activities.

- Governmental activities

**Muncy School District
Management’s Discussion and Analysis
Fiscal Year Ended June 30, 2022
(UNAUDITED)**

▪ Business-type activities

Most of the activities of the District are reported as governmental activities. The operations of the District’s Food Service Fund, whose operations involve primarily the serving of meals to students during the school day, is the District’s only business-type activity.

The presentation provided in these government-wide statements is primarily focused on presenting the financial position of the District and the change in financial position as a result of the activities that occurred during the fiscal year. The significant differences in these statements as compared to governmental fund statements are:

- Government-wide statements include fixed assets for governmental activities—government fund statements do not.
- Government-wide statements include long-term debt and similar obligations, such as pension liabilities, for governmental activities—government fund statements do not.
- Government-wide statements are prepared utilizing the accrual basis of accounting—government fund statements are generally prepared utilizing a modified accrual basis of accounting. This results in differences in the timing of the recognition of certain revenues and expenses.
- Government-wide statements present in a format to highlight net position. Government fund statements deal with fund balance. Net position is a much broader financial measurement.

For a more detailed explanation of these financial statements, please review the notes to the financial statements.

Government Fund Statements:

This format is concerned primarily with the presentation of “the flow of funds” rather than with measuring financial position. This is the presentation format which is utilized for preparation of budgets and is presented on a more disaggregated format than the government-wide statements.

This format, as with the government-wide statements, presents information by firstly grouping funds by type. In the case of governmental funds, the types are:

- Governmental funds
- Proprietary funds
- Fiduciary funds

These statements are presented by type and then utilizing criteria to identify “major funds” presenting information on a segregated basis for each of the major funds and then aggregating the information for all other funds within the fund type.

**Muncy School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2022
(UNAUDITED)**

MD & A Page 3 of 14

The District has the following “major funds” for government fund statement presentation-

- ✓ Governmental funds
 - General fund
 - Capital Reserve (and Capital Projects Funds (as needed))
 - Debt Service Fund
 - Student activities fund (previously a Fiduciary Fund (GASB 84))
- ✓ Proprietary funds
 - Food service fund (the District's only proprietary fund)
- ✓ Fiduciary funds
 - Student awards fund – a private purpose trust fund

For more information regarding the presentation of fund financial statements, please review the notes to the financial statements.

Condensed Government-wide Financial Statements:

**Muncy School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2022
(UNAUDITED)**

MD & A Page 4 of 14

**Condensed Statement of Net Position
June 30, 2022**

	Governmental Activities	Business-type Activities	Total
Assets & Deferred Outflows of Resources:			
Current assets:			
Cash, cash equivalents and investments	\$ 3,366,206	\$ 254,852	\$ 3,621,058
Taxes receivable-net	847,100	-	847,100
Other current assets	2,028,135	47,303	2,075,438
Total current assets	<u>\$ 6,241,441</u>	<u>\$ 302,155</u>	<u>\$ 6,543,596</u>
Fixed assets-net	28,808,097	56,867	28,864,964
Deferred Outflows of Resources:			
Total assets & deferred outflows	<u>\$ 40,749,037</u>	<u>\$ 475,720</u>	<u>\$ 41,224,757</u>
Liabilities and Deferred Inflows of Resources:			
Current liabilities:			
Accounts payable	250,367	4,005	254,372
Accrued salaries and benefits	1,900,035	16,377	1,916,412
Current portion of long-term debt	1,275,000	-	1,275,000
Other current liabilities	96,834	37,393	134,227
Total current liabilities	<u>3,522,236</u>	<u>57,775</u>	<u>3,580,011</u>
Long-term debt-net of current portion	15,871,454	-	15,871,454
Other non-current liabilities	144,098	-	144,098
Net OPEB liabilities	6,354,379	35,432	6,389,811
Net pension liability	21,144,192	615,808	21,760,000
Total liabilities	<u>47,036,359</u>	<u>709,015</u>	<u>47,745,374</u>
Deferred Inflows of Resources:			
Total liabilities & deferred inflows	<u>51,617,676</u>	<u>819,809</u>	<u>52,437,485</u>
Net Position:			
Invested in capital assets-net of related debt	12,152,008	56,867	12,208,875
Restricted	1,656,372	-	1,656,372
Unrestricted	(24,677,019)	(400,956)	(25,077,975)
Total Net Assets	<u>(10,868,639)</u>	<u>(344,089)</u>	<u>(11,212,728)</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>40,749,037</u>	<u>475,720</u>	<u>41,224,757</u>

Comments regarding the condensed June 30, 2022 government-wide statements:

Statement of Net Position:

- Cash, cash equivalents and investments are primarily held in the Muncy Bank & Trust Co., and in the form of United States Treasuries held by M&T Bank and the affiliated Wilmington Trust as custodians.
- Taxes receivable include delinquent real estate along with current income tax collections, primarily from the June 30 and March 31, 2022 quarters.
- Fixed assets are presented net of depreciation and include the facilities and equipment of the District.

**Muncy School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2022
(UNAUDITED)**

MD & A Page 5 of 14

- Accrued salaries and benefits consists primarily of the amounts due teachers (and related benefits trusts/plans) for salaries and benefits earned in the 2021-22 school year that are paid over a twelve month period beginning when the District's academic year begins in late August through the middle-to-end of the following August. These are the remaining amounts which will be paid in July-August 2022 (i.e. summer pay).
- The District has adopted Governmental Accounting Standards Board (GASB) Statement No. 68 *Accounting and Financial Reporting for Pensions* (as amended; GASB No. 68). Per GASB No. 68, the District reports its cost-sharing employer proportionate portion, approx. \$21.8-million, of the Pennsylvania School Employees' Retirement System (PSERS) Net Pension Liability in its Statement of Net Position. The District records its proportionate share of the PSERS system-wide Net Pension Liability, related Deferred Inflow and Outflow balances and adjustments to Pension expense to reflect the requirements of GASB No. 68.
- The District also has adopted GASB No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB No. 75) as of July 1, 2017. Per GASB No. 75, the District accounts for its offering of covered benefits under the State-level (PSERS premium assistance, a proportionate share of the statewide plan similar to the PSERS pension, as above) and a District-level other postemployment benefit (OPEB) plans. The year-end balances of the plans were \$1.3-million for the PSERS-State-level plan and \$5.1-million for the District-level plan.
- The GASB No.'s 68 and 75 adjustments, balances, and amounts are reflected in the government-wide and proprietary/business-type financial statements only and have no effect on the governmental fund financial statements. They represent, along with the carrying values of such matters as the District's property & equipment and long-term debt, significant reconciling differences between those statements and the Government-wide statements.

The notes to the financial statements provide additional detail on these and other items included in the Statement of Net Position.

**Muncy School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2022
(UNAUDITED)**

**Condensed Statement of Activities
Year Ended June 30, 2022**

Functions/Programs	Expenses	Charges for Services	Grants and Contributions	Net (Expense) Revenue and Changes in Net Position		
				Governmental Activities	Business-type Activities	Total
Governmental activities:						
Instruction	\$ 10,713,058	\$ 2,765	\$ 3,697,643	\$ (7,012,650)		\$ (7,012,650)
Instructional Student Support	2,112,593	-	141,722	(1,970,871)		\$ (1,970,871)
Admin. & Financial Support Services	1,090,595	-	178,257	(912,338)		\$ (912,338)
Operation & Maintenance of Facilities	1,650,951	-	100,844	(1,550,107)		\$ (1,550,107)
Pupil Transportation	555,062	-	181,515	(373,547)		\$ (373,547)
Student Activities	852,784	25,909	252,448	(574,427)		\$ (574,427)
Community Services	40,713	-	-	(40,713)		\$ (40,713)
Scholarships and Awards	1,264,022	-	-	(1,264,022)		\$ (1,264,022)
Interest on Long-Term debt	515,870	-	216,422	(299,448)		\$ (299,448)
Total Governmental Activities	\$ 18,795,648	\$ 28,674	\$ 4,768,851	\$ (13,998,123)		\$ (13,998,123)
Business-type activities:						
Food Service	628,224	75,326	768,460		215,562	\$ 215,562
Total Primary Government	\$ 19,423,872	\$ 104,000	\$ 5,537,311	\$ (13,998,123)	\$ 215,562	\$ (13,782,561)
General revenues:						
Taxes:						
Property taxes, levied for general purposes, net				10,535,374	-	10,535,374
Grants, subsidies, & contributions not restricted				4,549,507	-	4,549,507
Investment Earnings				12,090	490	12,580
Miscellaneous Income				20,589	-	20,589
Loss on disposal of fixed assets				-	-	-
Transfers				-	-	-
Total general revenues, special items, extraordinary items and transfers				15,117,560	490	15,118,050
Change in Net Assets				1,119,437	216,052	1,335,489
Net Assets—beginning				(11,988,076)	(560,141)	(12,548,217)
Net Assets—ending				\$ (10,868,639)	\$ (344,089)	\$ (11,212,728)

Statement of Activities:

- Governmental activities operating grants include various subsidies including \$681-thousand of state funds for special education, \$278-thousand of federal Title I, II, and IV funds, in support of academic achievement, advancement, and improvement, \$181-thousand and \$286-thousand and \$1.4-million, respectively, of state subsidies to support student transportation, and for social security and retirement costs. The District also recognized and expended approximately \$932-thousand of pandemic-specific operating grants during the 2021-2022 fiscal year. For comparison purposes, the adopted budget reflected federal ESSER II and ESSER III (American Rescue Plan) grants of \$270-thousand in aggregate based upon initially expected program timing.
- General revenues include \$7.7-million of real estate taxes, \$2.3-million of earned income taxes and \$4.2-million of state basic education subsidy funding.
- Long-term pension and OPEB-related expense aggregated to a decrease of \$852-thousand, net, (as compared to the Governmental Funds expense activity), primarily as a result of activities including investment performance and updated pension valuation assumptions and consideration at the PSERS state-wide plans level.

**Muncy School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2022
(UNAUDITED)**

MD & A Page 7 of 14

The condensed Governmental Activities Statement of Net Position June 30, 2022 as compared to June 30, 2021 including the change in the elements of net position:

	Governmental Activities		
	June 30, 2022	2021	Inc. (Dec.) in Net Position
Assets:			
Current assets:			
Cash, cash equivalents and investments	\$ 3,366,206	\$ 4,655,765	\$ (1,289,559)
Taxes receivable-net	847,100	1,025,145	(178,045)
Other current assets	2,028,135	1,309,704	718,431
Total current assets	<u>6,241,441</u>	<u>6,990,614</u>	<u>(749,173)</u>
Fixed assets-net	28,808,097	29,345,665	(537,568)
Deferred Outflows of Resources:	5,699,499	6,200,852	(501,353)
Total assets & deferred outflows	<u>\$ 40,749,037</u>	<u>\$ 42,537,131</u>	<u>(1,788,094)</u>
Liabilities:			
Current liabilities:			
Accounts payable	\$ 250,367	\$ 573,017	322,650
Accrued salaries and benefits	1,900,035	1,815,710	(84,325)
Current portion of long-term debt	1,275,000	1,335,000	60,000
Other current liabilities	96,834	148,304	51,470
Total current liabilities	<u>3,522,236</u>	<u>3,872,031</u>	<u>349,795</u>
Long-term debt-net of current portion	15,871,454	17,175,763	1,304,309
Other non-current liabilities	144,098	111,598	(32,500)
Net OPEB liability	6,354,379	6,760,717	406,338
Net pension liability	21,144,192	25,501,295	4,357,103
Total liabilities	<u>47,036,359</u>	<u>53,421,404</u>	<u>6,385,045</u>
Deferred Inflows of Resources:	4,581,317	1,103,803	(3,477,514)
Change in net position			<u>\$ 1,119,437</u>
Net Position:			
Invested in capital assets-net of related debt	12,152,008	11,392,640	759,368
Restricted & unrestricted	(23,020,647)	(23,380,716)	360,069
Total Net Position	<u>(10,868,639)</u>	<u>(11,988,076)</u>	<u>\$ 1,119,437</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 40,749,037</u>	<u>\$ 42,537,131</u>	

**Muncy School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2022
(UNAUDITED)**

MD & A Page 8 of 14

Analysis of the changes in the Governmental Activities Statement of Net Position:

- The approximately \$1.3-million decrease in cash is due primarily to the results of governmental activities operations, the timing of cash flows and the timing of payments with certain of the District's vendors and employees. The relative increased level of accounts receivable at year end, primarily reflective of the timing of grant-funded activities, also contributed more than \$500-thousand, net, to the decrease in cash. Cash and equivalents were also used to pay for fixed asset additions (\$726-thousand) and to pay down the related general obligation notes and other outstanding long-term debt (\$1.3-million).
- Fixed assets decreased due primarily to current period depreciation expense (approx. \$1.3-million) being outpaced by the aforementioned current period fixed asset additions (approx. \$726-thousand).
- The above referenced increase in other current assets (approximately \$718-thousand) is primarily attributable to increased receivables for COVID-19-related Federal grant programs.
- The approximately \$323-thousand decrease in accounts payable is attributable to the relative timing of renovation, maintenance, and repair activities which were more active in prior year and at prior year end as compared to fiscal 2021-2022. Further variability is attributable to the relative timing of invoices received and being processed for payment as compared to prior-years which also saw pandemic-related variability in processing times at vendors' offices.
- The decrease in bonds payable reflects the District's ordinary course pay down of debt.
- As discussed throughout this MD&A and the notes to the accompanying financials, per the requirements of GASB No. 68, the District reflects its proportionate share of the actuarially determined PSERS net pension liability in the Government-wide Statement of Net Position. The District's proportionate share decreased by approximately \$4.4-million as compared to prior year. The year to year variability is primarily a result of the performance of the PSERS system-wide investment portfolio, other actuarial and experience adjustments, also at the PSERS Plan-level. The current year decrease in the Net Pension liability is also linked to the approximately \$3.5-million increase in Deferred Inflows of Resource, which is driven by PSERS-Plan-level adjustments and the GASB No. 68-driven deferred timing for their recognition.
- The District accounts for the its OPEB plans (the proportionate share-PSERS-level Plan and the District-Specific Plan) based upon the requirements of GASB No. 75. The plans represented liabilities of \$1.2-million and \$5.1-million, respectively, at year-end as compared to \$1.1-million and \$5.6-million, respectively, at prior-year-end).
- Note: These Pension and OPEB adjustments, balances, and amounts are reflected in the government-wide financial statements only – there was no effect on the governmental fund financial statements related to GASB No. 68 nor GASB No. 75.

Additional information regarding these matters can be found in the accompanying financial statements and notes.

**Muncy School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2022
(UNAUDITED)**

MD & A Page 9 of 14

The condensed Business-type Activities Statement of Net Position June 30, 2022 as compared to June 30, 2021 including the change in the elements of net position:

	Business-type Activities		
	June 30, 2022	2021	Inc. (Dec.) in Net Position
Assets:			
Current assets:			
Cash, cash equivalents and investments	\$ 254,852	\$ 66,102	\$ 188,750
Other current assets	47,303	35,038	12,265
Total current assets	<u>302,155</u>	<u>101,140</u>	<u>201,015</u>
Fixed assets-net	56,867	62,941	(6,074)
Deferred Outflows of Resources:	116,698	121,617	(4,919)
Total assets & deferred outflows	<u>\$ 475,720</u>	<u>\$ 285,698</u>	<u>190,022</u>
Liabilities:			
Current liabilities:			
Accounts payable	\$ 4,005	\$ 4,603	598
Accrued salaries and benefits	16,377	9,766	(6,611)
Other current liabilities	37,393	28,259	(9,134)
Total current liabilities	<u>57,775</u>	<u>42,628</u>	<u>(15,147)</u>
Other non-current liabilities	651,240	775,222	123,982
Total liabilities	<u>709,015</u>	<u>817,850</u>	<u>108,835</u>
Deferred Inflows of Resources:	110,794	27,989	-
Change in net position			<u>\$ 298,857</u>
Net Position:			
Invested in capital assets-net of related debt	56,867	62,941	(6,074)
Restricted & unrestricted	(400,956)	(623,082)	222,126
Total Net Position	<u>(344,089)</u>	<u>(560,141)</u>	<u>\$ 216,052</u>
Total Liabilities and Net Position	<u>\$ 475,720</u>	<u>\$ 285,698</u>	

Analysis of changes in Business-type activities Statement of Net Position:

- The change in net position is due to the approx. \$216-thousand income from operations for the period. The income is reflective of volume-driven increases as the food service program returned to an approximately pre-Pandemic operating schedule. Current year revenue increased as compared to past periods resulting from meal reimbursements from State and Federal programs, while, generally, at a lower rate than paid meals prices, but at higher volumes due to Pandemic-related eligibility for all students for free breakfasts and lunches improving overall participation and increase program meal reimbursement rates and other lost revenue replacing funding received.
- The decrease in fixed assets is attributable to current depreciation expense which represents an approximately \$6-thousand non-cash expense charge reflected in the the net income amount discussed above.

**Muncy School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2022
(UNAUDITED)**

MD & A Page 10 of 14

A condensed Statement of Activities for the fiscal year ended June 30, 2022 as compared to the fiscal year ended June 30, 2021:

<u>Functions/Programs</u>	<u>Net Revenue/Expense Fiscal Year Ended June 30,</u>		<u>Favorable (Unfavorable) Change</u>	
	<u>2022</u>	<u>2021</u>		
Expenses-				
Governmental activities:				
Instruction	\$ 10,713,058	\$ 11,044,676	\$ 331,618	-3.0%
Instructional Student Support	2,112,593	1,557,802	(554,791)	35.6%
Admin. & Financial Support Services	1,090,595	2,016,607	926,012	-45.9%
Operation & Maintenance of Facilities	1,650,951	1,674,622	23,671	-1.4%
Pupil Transportation	555,062	448,709	(106,353)	23.7%
Student Activities	852,784	668,588	(184,196)	27.6%
Community Services	40,713	28,930	(11,783)	100.0%
Unallocated Depreciation expense	1,264,022	995,118	(268,904)	27.0%
Interest on Long-Term debt	515,870	495,033	(20,837)	4.2%
Total Governmental Activities	18,795,648	18,930,085	134,437	-0.7%
Business-type activities:				
Food Service	628,224	597,318	(30,906)	5.2%
Total Expense	19,423,872	19,527,403	103,531	-0.5%
Program Revenues & Charges for Services-				
Governmental activities:				
Instruction	3,700,408	2,126,537	1,573,871	74.0%
Instructional Student Support	141,722	328,902	(187,180)	-56.9%
Admin. & Financial Support Services	178,257	604,589	(426,332)	-70.5%
Operation & Maintenance of Facilities	100,844	283,866	(183,022)	-64.5%
Pupil Transportation	181,515	231,490	(49,975)	-21.6%
Student Activities	278,357	140,194	138,163	98.6%
Community Services	-	12,291	(12,291)	
Interest on Long-Term debt	216,422	219,789	(3,367)	-1.5%
Total Governmental Activities	4,797,525	3,947,658	849,867	21.5%
Business-type activities:				
Food Service	843,786	521,824	321,962	61.7%
Total Program Revenues & Charges for Services	5,641,311	4,469,482	1,171,829	26.2%
General revenues:				
Taxes:				
Property and other taxes, levied for general purposes, net	10,535,374	10,614,004	(78,630)	-0.7%
Grants, subsidies, & contributions not restricted	4,549,507	4,770,323	(220,816)	-4.6%
Investment Earnings-governmental activities	12,090	12,309	(219)	-1.8%
Investment earnings-business-type activities	490	104	386	371.2%
Miscellaneous Income	20,589	13,152	7,437	56.5%
Total General Revenues	15,118,050	15,409,892	(291,842)	-1.9%
Change in Net Position	\$ 1,335,489	\$ 351,971	\$ 983,518	

Analysis of changes in Statement of Activities between fiscal years:

- The decrease in Instructional expense is a result of increased costs of general and special education, at the Governmental Fund reporting level, for professional compensation and benefits in addition to instructional services, as offset by, at the Government-wide level, by decreased Pension Expense as compared to prior-year. The Pension cost decreases were attributable to adjustments and cost deferrals at the PSERS system/state-wide pension level. Cost rates for services, benefits, and supplies were generally elevated as compared to prior-year but volume related year vs year comparative increases were also experienced due to the District increased rate of returning to/proportion of school days of normal operations, in-person learning, activities, and extracurriculars, generally at or near full-schedule/capacity as compared to the same periods in prior year.
- Depreciation expense increases offset the impact of cost-containment efforts and the aforementioned PSERS-driven positive variances. The increased depreciation expense as compared to prior year is attributable to more of the District's recent renovation activity, particularly those projects which came on-line during fiscal 2020-2021, being in-service for a greater proportion of the year. Likewise, current year depreciation of current year additions also contributed to the overall \$268-thousand increase in this non-cash expense.
- Program revenue increases, particularly in the area instructional programs, correlate to increased levels of activity in COVID-19-responsive Federal grant programs which are expected to continue through the District's 2023-2024.
- The decrease in general revenue total is attributable to consistent property tax rates as applied against decreased assessed values, primarily resulting from taxpayer appeals. Otherwise consistent collections, including in earned income and other taxes were supplemented by overall, net increases in State subsidies.

**Muncy School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2022
(UNAUDITED)**

The General Fund Budget vs. Actual for the June 30, 2022 Fiscal Year:

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
				Positive (Negative)
REVENUES				
Local Sources	\$ 10,549,318	\$ 10,549,318	\$ 10,930,461	\$ 381,143
State Sources	7,520,624	7,520,624	7,604,219	83,595
Federal Sources	511,683	511,683	1,210,616	698,933
Total Revenues	18,581,625	18,581,625	19,745,296	1,163,671
EXPENDITURES				
Regular education programs	8,025,695	8,025,695	8,227,206	(201,511)
Special education programs	2,280,005	2,280,005	2,430,777	(150,772)
Vocational education programs	382,000	382,000	314,152	67,848
Other instructional programs	208,292	208,292	279,946	(71,654)
Pupil personnel support services	654,779	654,779	671,934	(17,155)
Instructional staff support services	670,381	670,381	689,387	(19,006)
Administrative services	1,068,048	1,068,048	1,049,553	18,495
Pupil health services	178,802	178,802	171,039	7,763
Business services	293,317	293,317	293,697	(380)
Operation & maintenance of facilities	1,588,674	1,588,674	1,729,734	(141,060)
Student transportation services	484,000	484,000	555,062	(71,062)
Central & other support services	499,588	499,588	645,072	(145,484)
Student activities	702,196	702,196	704,299	(2,103)
Community services	25,474	25,474	40,713	(15,239)
Debt Service (Principal & Interest)	-	-	-	-
Total Expenditures	17,061,251	17,061,251	17,802,571	(741,320)
Excess (Deficiency) of Revenues Over Expenditures	1,520,374	1,520,374	1,942,725	422,351
OTHER FINANCING SOURCES (USES)				
Operating Transfers Out (Debt Service)	(1,739,375)	(1,739,375)	(1,739,375)	-
Budgetary reserve	(200,000)	(200,000)	-	(200,000)
Net Change in Fund Balances	(419,001)	(419,001)	203,350	622,351
Fund Balance - Beginning of Year	2,571,305	2,571,305	2,701,717	
Fund Balance - End of Year	\$ 2,152,304	\$ 2,152,304	\$ 2,905,067	

Analysis of General Fund Budget vs. Actual for the June 30, 2022 Fiscal Year:

- The most significant contributor to the overall excess of revenues over expenditures was better than expected local sourced revenue tax collections. Variances as compared to budget for local sourced revenue came in both the form of better-than-expected tax collections (\$161-thousand, net positive variance) (expectations were lowered during the budgeting process due to Pandemic and related uncertainty considerations) and greater than anticipated variable local taxes, such as transaction-driven, real estate transfer taxes (\$100-thousand positive variance).
- Federal revenues were higher than expected as the adopted budget reflected the expectation of approximately \$270-thousand in grants under the COVID-19-responsive ESSER II and ESSER III grant programs. For comparison purposes, the District recognized \$925-thousand of grant revenue under these programs during fiscal 2021-2022

**Muncy School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2022
(UNAUDITED)**

MD & A Page 13 of 14

- Grant-related costs are the primary driver of the pre-budgetary reserve negative variance as compared to budget. This is especially in the areas of instructional expense, and of Operation & maintenance of facilities and Central & Support Services. The remaining increase in overall expense is a result of increased costs for professional compensation and benefits in addition to other instructional services cost increases as offset by the impact of cost containment efforts in these areas.

Long-term debt activity in the fiscal year ended June 30, 2022:

Description	Balance June 30, 2021	Additional Borrowings	Principal Reductions	Balance June 30, 2022
GON 2015	\$ 312,000	\$ -	\$ (312,000)	\$ -
GOB 2019	9,135,000	-	(770,000)	8,365,000
	<u>9,447,000</u>	<u>-</u>	<u>(1,082,000)</u>	<u>8,365,000</u>
Unamortized bond premium	566,098	-	(87,092)	479,006
	<u>\$ 566,098</u>	<u>\$ -</u>	<u>\$ (87,092)</u>	<u>\$ 479,006</u>

Capital asset activity in the fiscal year ended June 30, 2022:

Governmental Activities Fixed Assets:

Description	Cost June 30, 2021	Fiscal Year-ended June 30, 2022		Cost June 30, 2022	Depreciation Expense For Year-ended June 30, 2022	Accumulated Depreciation June 30, 2022	Net Asset June 30, 2022
		Additions	Retirements/ Transfers				
Land	613,229	-	-	613,229	-	-	613,229
Land improvements	1,883,146	13,214	-	1,896,360	73,277	1,175,285	721,075
Buildings & improvements	38,051,762	376,016	-	38,427,778	886,735	12,358,632	26,069,145
Machinery & equipment	3,683,183	318,641	-	4,001,824	304,010	2,615,760	1,386,065
Construction in Progress	-	18,583	-	18,583	-	-	18,583
	<u>\$ 44,231,320</u>	<u>\$ 726,454</u>	<u>\$ -</u>	<u>\$ 44,957,774</u>	<u>\$ 1,264,022</u>	<u>\$ 16,149,677</u>	<u>\$ 28,808,097</u>

Food Service Fixed Assets:

Description	Cost June 30, 2021	Fiscal Year-ended June 30, 2022		Cost June 30, 2022	Depreciation Expense For Year-ended June 30, 2022	Accumulated Depreciation June 30, 2022	Net Asset June 30, 2022
		Additions	Retirements/ Transfers				
Machinery & equipment	\$ 500,467	\$ -	\$ -	\$ 500,467	\$ 6,074	\$ 443,600	\$ 56,867
	<u>\$ 500,467</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500,467</u>	<u>\$ 6,074</u>	<u>\$ 443,600</u>	<u>\$ 56,867</u>

See the notes to the financial statements for additional details on fixed assets and debt.

Potential Future Issues:

The following matters will potentially have future impact on the District:

- ✓ The Pennsylvania School Employees Retirement System (PSERS), a multi-employer pension plan covering substantially all of the District's employees, continues to project a significant funding shortfall. There is uncertainty as to the extent and resolution of this shortfall but it has the potential of a significant negative impact on the District in the form of increases in required employer contributions in future years.
- ✓ The combined impact of an overall macro-economy, anticipated increases to retirement funding obligations, and cost increases associated with the implementation of health care reform, including, but not limited to the Affordable Care Act, and the associated cost and operational considerations, pose a challenge to both the District and state to fund operations.
- ✓ The Commonwealth has imposed restrictions and limitations on the ability of school districts to raise revenue via future tax increases while labor related and other operating costs rise beyond the ability to accommodate with revenue enhancements. The school district will be required to consider operational changes.
- ✓ During March 2020, the pandemic outbreak of the COVID-19 strain of coronavirus resulted in the declaration of national and Commonwealth of Pennsylvania states of emergency. As a result, the Commonwealth's governor ordered all public school districts to close to students for an extended period in an effort to stem the transmission of the virus. The closure, re-opening, and related mitigation efforts and other, related circumstances have caused and, while improved, may be assumed to continue to cause operational difficulties. While there is uncertainty as to the timing of the pandemic's end, the District continues to explore and has identified certain operational adaptations to allow for the continued delivery of educational and other services. Additionally, the District and most, if not all, other School Districts in the Commonwealth have received appropriations of significant federal and state grant funding in support of pandemic mitigation, re-opening, and operating efforts. Information regarding these grants is summarized per Supplementary Information accompanying these MD&A, financial statements, and notes. Generally, these funding sources are denoted with "COVID-19" in the grant name/identifier.

Richard B. Snodgrass & Co.

Audit, Tax, and Advisory
1117 Cemetery Road
Montoursville, Pennsylvania 17754

570-220-4990
FAX 570-433-4728
email-dsnodgrass@snodgrass-co.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Muncy School District
206 Sherman Street
Muncy, Pennsylvania 17756

Report on the Audit of the Financial Statements

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

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Muncy 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 Opinion

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

Management's Responsibility for the Financial Statements

The District's 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 design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 GAAS and GAS 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 substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based upon the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) information on pages MD&A 1 through 14 and the *schedule of the District's proportionate share of the net pension liability* on page RSI-1, the *schedule of the District's contributions to pensions* on page RSI-2, the *schedules of changes in the District's total OPEB liability and related ratios* on page RSI-3, the *schedule of the District's proportionate share of the net OPEB liability* on page RSI-4, and the *schedule of the District's OPEB contributions* on page RSI-5, be presented to supplement the basic financial statements. Such information, though not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of the 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal (and state) awards as required by Title 2 U.S. *Code of Federal Regulations Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the District's basic financial statements.

The schedule of expenditures of federal (and state) awards is the responsibility of the District's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal (and state) awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards* we have also issued our report dated March 31, 2023 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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 the District's internal control over financial reporting and compliance.



Richard B. Snodgrass & Co.
Montoursville, Pennsylvania
March 31, 2023

**Muncy School District
Statement of Net Position**

June 30, 2022

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets and Deferred Outflows of Resources:			
Assets:			
Current assets:			
Cash and cash equivalents	\$ 2,467,465	\$ 244,852	\$ 2,712,317
Investments	898,741	10,000	908,741
Taxes receivable-net	847,100	-	847,100
Due from other governments	1,662,544	15,718	1,678,262
Inventories	-	22,407	22,407
Other receivables	365,591	9,178	374,769
Total current assets	<u>6,241,441</u>	<u>302,155</u>	<u>6,543,596</u>
Noncurrent assets:			
Land and land improvements-net	1,334,304	-	1,334,304
Buildings and improvements-net	26,069,145	-	26,069,145
Furniture and equipment-net	1,386,065	56,867	1,442,932
Construction in progress	18,583	-	18,583
Total noncurrent assets	<u>28,808,097</u>	<u>56,867</u>	<u>28,864,964</u>
Total Assets	<u>35,049,538</u>	<u>359,022</u>	<u>35,408,560</u>
Deferred Outflows of Resources:			
Deferred (gain)/loss on bond refunding	490,365	-	490,365
Pension	3,775,955	109,972	3,885,927
OPEB	1,433,179	6,726	1,439,905
Total Deferred Outflows of Resources:	<u>5,699,499</u>	<u>116,698</u>	<u>5,816,197</u>
Total Assets and Deferred Outflows of Resources:	<u>40,749,037</u>	<u>475,720</u>	<u>41,224,757</u>
Liabilities, Deferred Inflows of Resources and Net Position:			
Liabilities:			
Current liabilities:			
Current portion of long-term debt	1,275,000	-	1,275,000
Accounts payable	250,367	4,005	254,372
Accrued salaries and benefits	1,900,035	16,377	1,916,412
Other current liabilities	96,834	37,393	134,227
Total current liabilities	<u>3,522,236</u>	<u>57,775</u>	<u>3,580,011</u>
Noncurrent liabilities:			
G.O. Notes payable-net of current portion	15,871,454	-	15,871,454
Long-term portion of compensated absences	144,098	-	144,098
Net OPEB liability-PERS	1,216,568	-	1,216,568
Net OPEB liability-District	5,137,811	35,432	5,173,243
Net pension liability	21,144,192	615,808	21,760,000
Total noncurrent liabilities	<u>43,514,123</u>	<u>651,240</u>	<u>44,165,363</u>
Total Liabilities	<u>47,036,359</u>	<u>709,015</u>	<u>47,745,374</u>
Deferred Inflows of Resources:			
Unearned revenue	-	-	-
OPEB	833,470	1,641	835,111
Pension	3,747,847	109,153	3,857,000
Total Deferred Inflows of Resources:	<u>4,581,317</u>	<u>110,794</u>	<u>4,692,111</u>
Net Position:			
Invested in capital assets-net of related debt	12,152,008	56,867	12,208,875
Restricted:			
Capital projects, equipment, and debt service	373,694	-	373,694
Retirement & benefits	1,159,000	-	1,159,000
Other	123,678	-	123,678
Unrestricted	(24,677,019)	(400,956)	(25,077,975)
Total Net Position	<u>(10,868,639)</u>	<u>(344,089)</u>	<u>(11,212,728)</u>
Total Liabilities, Deferred Inflows of Resources and Net Position:	<u>\$ 40,749,037</u>	<u>\$ 475,720</u>	<u>\$ 41,224,757</u>

The accompanying notes are an integral part of this financial statement.

**Muncy School District
Statement of Activities
For the Year Ended June 30, 2022**

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			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	\$ 10,713,058	\$ -	\$ 2,765	\$ 3,697,643	\$ -	\$ (7,012,650)		\$ (7,012,650)
Instructional Student Support	2,112,593	-	-	141,722	-	(1,970,871)		(1,970,871)
Admin. & Financial Support Services	1,090,595	-	-	178,257	-	(912,338)		(912,338)
Operation & Maintenance of Facilities	1,650,951	-	-	100,844	-	(1,550,107)		(1,550,107)
Pupil Transportation	555,062	-	-	181,515	-	(373,547)		(373,547)
Student Activities	852,784	-	25,909	252,448	-	(574,427)		(574,427)
Community Services	40,713	-	-	-	-	(40,713)		(40,713)
Unallocated depreciation	1,264,022	-	-	-	-	(1,264,022)		(1,264,022)
Interest on Long-Term debt	515,870	-	-	216,422	-	(299,448)		(299,448)
Total Governmental Activities	18,795,648		28,674	4,768,851	-	(13,998,123)		(13,998,123)
Business-type activities:								
Food Service	628,224		75,326	768,460			215,562	215,562
Total Primary Government	\$ 19,423,872		\$ 104,000	\$ 5,537,311	\$ -	\$ (13,998,123)	\$ 215,562	\$ (13,782,561)
General revenues:								
Taxes:								
Property and other taxes, levied for general purposes, net						10,535,374	-	10,535,374
Grants, subsidies, & contributions not restricted						4,549,507	-	4,549,507
Investment Earnings						12,090	490	12,580
Miscellaneous Income						20,589	-	20,589
Total general revenues, special items, extraordinary items and transfers						15,117,560	490	15,118,050
Change in Net Position						1,119,437	216,052	1,335,489
Net Position—beginning						(11,988,076)	(560,141)	(12,548,217)
Net Position—ending						\$ (10,868,639)	\$ (344,089)	\$ (11,212,728)

The accompanying notes are an integral part of this financial statement.

Muncy School District
Balance Sheet-Governmental Funds
June 30, 2022

	<u>General Fund</u>	<u>Capital Reserve Fund</u>	<u>Capital Project Fund</u>	<u>Debt Service Fund</u>	<u>Student Activities Fund</u>	<u>Total Governmental Funds</u>
Assets and Deferred						
Outflows of Resources:						
Assets:						
Cash and cash equivalents	\$ 1,946,869	\$ 224,099	\$ 168,179	\$ -	\$ 128,318	\$ 2,467,465
Investments	898,741	-	-	-	-	898,741
Taxes receivable-net	847,100	-	-	-	-	847,100
Due from other funds	-	-	-	-	-	-
Due from other governments	1,662,544	-	-	-	-	1,662,544
Other receivables and current assets	4,025	-	-	-	-	4,025
Total Assets	5,359,279	224,099	168,179	-	128,318	5,879,875
Deferred Outflows of Resources:						
	-	-	-	-	-	-
Total Assets & Deferred Outflows	<u>5,359,279</u>	<u>224,099</u>	<u>168,179</u>	<u>-</u>	<u>128,318</u>	<u>5,879,875</u>
Liabilities Deferred						
Inflows and Fund Balances						
Liabilities:						
Accounts payable	227,143	-	18,584	-	4,640	250,367
Due to other funds	-	-	-	-	-	-
Accrued salaries & benefits	1,900,035	-	-	-	-	1,900,035
Other current liabilities	9,978	-	-	-	-	9,978
Total Liabilities	2,137,156	-	18,584	-	4,640	2,160,380
Deferred Inflows of Resources:						
Unearned revenue	317,056	-	-	-	-	317,056
Total Deferred Inflows	317,056	-	-	-	-	317,056
Fund Balances:						
Non-spendable	-	-	-	-	-	-
Restricted fund balance	-	224,099	149,595	-	-	373,694
Committed balance	1,159,000	-	-	-	-	1,159,000
Assigned fund balance	-	-	-	-	123,678	123,678
Unassigned fund balance	1,746,067	-	-	-	-	1,746,067
Total Fund Balance	2,905,067	224,099	149,595	-	123,678	3,402,439
Total Liabilities, Deferred Inflows & Fund Balance	<u>\$ 5,359,279</u>	<u>\$ 224,099</u>	<u>\$ 168,179</u>	<u>\$ -</u>	<u>\$ 128,318</u>	<u>\$ 5,879,875</u>

The accompanying notes are an integral part of this financial statement.

Muncy School District
Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Position
June 30, 2022

Total Fund Balances - Governmental Funds \$ 3,402,439

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

Capital Assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$44,957,774 and the accumulated depreciation is \$16,149,677. 28,808,097

Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are recorded as deferred revenues in the funds balance sheet. 317,056

Other receivables for earned income taxes will be collected but are not available soon enough to pay for current period expenditures and, therefore, are not recorded in the fund financial statements 361,566

Long-term liabilities, including 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:

General Obligation Bonds payable	(17,146,454)
Accrued interest on the bonds	(86,856)
Compensated absences	(144,098)
Other postemployment benefits-PSERS	(1,216,568)
Other postemployment benefits-District	(5,137,811)
Net pension liability	(21,144,192)

Losses incurred on refundings of long-term liabilities are not financial resources and, therefore, are not reported as deferred outflows of resources in governmental funds. The deferred loss on refundings included in government-wide deferred outflows of resources is: 490,365

Deferred outflows and inflows of resources related to pensions and OPEB amounts to be recognized and/or realized in future periods are not reported in governmental funds

Deferred outflows-pension	3,775,955
Deferred inflows-pension	(3,747,847)
Deferred outflows-OPEB	1,433,179
Deferred inflows-OPEB	(833,470)

Total Net Position - Governmental Activities \$ (10,868,639)

The accompanying notes are an integral part of this financial statement.

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

	<u>General Fund</u>	<u>Capital Reserve Fund</u>	<u>Capital Project Fund</u>	<u>Debt Service Fund</u>	<u>Student Activities Fund</u>	<u>Total Governmental Funds</u>
REVENUES						
Local Sources	\$ 10,930,461	\$ 919	\$ 1,438	\$ -	\$ 192,618	\$ 11,125,436
State Sources	7,604,219	-	-	-	-	7,604,219
Federal Sources	1,210,616	-	-	-	-	1,210,616
Total Revenues	<u>19,745,296</u>	<u>919</u>	<u>1,438</u>	<u>-</u>	<u>192,618</u>	<u>19,940,271</u>
EXPENDITURES						
Instruction	11,252,081	-	-	-	-	11,252,081
Support Services	5,805,478	-	124,728	-	-	5,930,206
Non-instructional Services	745,012	-	-	-	181,547	926,559
Capital Outlay	-	-	358,097	-	-	358,097
Debt Service (Principal & Interest)	-	-	-	1,739,375	-	1,739,375
Total Expenditures	<u>17,802,571</u>	<u>-</u>	<u>482,825</u>	<u>1,739,375</u>	<u>181,547</u>	<u>20,206,318</u>
Excess (Deficiency) of Revenues Over Expenditures	1,942,725	919	(481,387)	(1,739,375)	11,071	(266,047)
OTHER FINANCING SOURCES (USES)						
Interfund Transfers in	-	-	-	1,739,375	-	1,739,375
Operating Transfers Out	(1,739,375)	-	-	-	-	(1,739,375)
Net Change in Fund Balances	<u>203,350</u>	<u>919</u>	<u>(481,387)</u>	<u>-</u>	<u>11,071</u>	<u>(266,047)</u>
Fund Balance - Beginning of Year	2,701,717	223,180	630,982	-	112,607	3,668,486
Fund Balance - End of Year	<u>\$ 2,905,067</u>	<u>\$ 224,099</u>	<u>\$ 149,595</u>	<u>\$ -</u>	<u>\$ 123,678</u>	<u>\$ 3,402,439</u>

The accompanying notes are an integral part of this financial statement.

Muncy School District
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
To the Statement of Activities
For the Year Ended June 30, 2022

Total net change in fund balances - governmental funds \$ (266,047)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period.

Depreciation expense	(1,264,022)
Capital Outlays	726,454

Repayment of bond principal and capital lease payments are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Debt principal paid	1,335,000
---------------------	-----------

Proceeds of debt and related bond refunding expenditures are treated as other financing sources & uses in government fund statements but are increases in statement of net position components and amortized or accreted over the period of the related debt in government wide statements

Amortize bond issue premiums	29,309
Amortize losses on prior refundings	(104,495)

Interest on long-term debt at year end is not accrued in governmental funds but is accrued in government wide financial statements. Accrued interest on bonds decreased (increased) at current year-end as compared to the previous year end

(36,309)

Taxes receivable are recognized on an accrual basis in government-wide statements while the revenue is recognized on a modified accrual basis in governmental funds. This is the reduction in revenue recognized in the government-wide statements in the current year due to this difference

(156,883)

Post-employment liabilities for OPEB and compensated absences (increased) decreased at current year end as compared to the previous year end and the District incurred, net, reduced expense in the governmental statement of activities:

Compensated absences	4,299
Other postemployment benefits, net	(211,947)

In the statement of activities, Pension expense is measured by the amounts contributed toward future retirement during the year. In the governmental funds, however, it is measured by the amount of financial resources used. This amount represents the reduced amount, net, expended in the current period in consideration of the changes in the Net Pension Liability and Deferred Pension-related inflows and outflows of resources:

1,064,078

Change in net position of governmental activities

<u>\$ 1,119,437</u>

The accompanying notes are an integral part of this financial statement.

Muncy School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Budget and Actual
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
				Positive (Negative)
REVENUES				
Local Sources	\$ 10,549,318	\$ 10,549,318	\$ 10,930,461	\$ 381,143
State Sources	7,520,624	7,520,624	7,604,219	83,595
Federal Sources	511,683	511,683	1,210,616	698,933
Total Revenues	<u>18,581,625</u>	<u>18,581,625</u>	<u>19,745,296</u>	<u>1,163,671</u>
EXPENDITURES				
Regular education programs	8,025,695	8,025,695	8,227,206	(201,511)
Special education programs	2,280,005	2,280,005	2,430,777	(150,772)
Vocational education programs	382,000	382,000	314,152	67,848
Other instructional programs	208,292	208,292	279,946	(71,654)
Pupil personnel support services	654,779	654,779	671,934	(17,155)
Instructional staff support services	670,381	670,381	689,387	(19,006)
Administrative services	1,068,048	1,068,048	1,049,553	18,495
Pupil health services	178,802	178,802	171,039	7,763
Business services	293,317	293,317	293,697	(380)
Operation & maintenance of facilities	1,588,674	1,588,674	1,729,734	(141,060)
Student transportation services	484,000	484,000	555,062	(71,062)
Central & other support services	499,588	499,588	645,072	(145,484)
Student activities	702,196	702,196	704,299	(2,103)
Community services	25,474	25,474	40,713	(15,239)
Debt Service (Principal & Interest)	-	-	-	-
Total Expenditures	<u>17,061,251</u>	<u>17,061,251</u>	<u>17,802,571</u>	<u>(741,320)</u>
Excess (Deficiency) of Revenues Over Expenditures	1,520,374	1,520,374	1,942,725	422,351
OTHER FINANCING SOURCES (USES)				
Operating Transfers Out (Debt Service)	(1,739,375)	(1,739,375)	(1,739,375)	-
Budgetary reserve	(200,000)	(200,000)	-	(200,000)
Net Change in Fund Balances	<u>(419,001)</u>	<u>(419,001)</u>	<u>203,350</u>	<u>622,351</u>
Fund Balance - Beginning of Year	2,571,305	2,571,305	2,701,717	
Fund Balance - End of Year	<u>\$ 2,152,304</u>	<u>\$ 2,152,304</u>	<u>\$ 2,905,067</u>	

The accompanying notes are an integral part of this financial statement.

Muncy School District
Statement of Net Position-Proprietary Funds

June 30, 2022

	Food Service Fund
Assets and Deferred	
Outflows of Resources:	
Assets:	
Current assets:	
Cash and cash equivalents	\$ 244,852
Investments	10,000
Due from other governments	15,718
Other receivables	9,178
Inventories	22,407
Total current assets	302,155
Noncurrent assets:	
Furniture and equipment-net	56,867
Total noncurrent assets	56,867
Total Assets	359,022
Deferred Outflows of Resources:	116,698
Total Assets and Deferred Outflows	475,720
Liabilities, Deferred Inflows of	
Resources and Net Position:	
Liabilities:	
Current liabilities:	
Accounts payable	4,005
Accrued salaries and benefits	16,377
Other current liabilities	37,393
Total current liabilities	57,775
Noncurrent liabilities:	
OPEB	35,432
Net Pension Liability	615,808
Total noncurrent liabilities	651,240
Total Liabilities	709,015
Deferred Inflows of Resources:	110,794
Net Position:	
Invested in capital assets-net of related debt	56,867
Restricted	-
Unrestricted	(400,956)
Total Net Position (Deficit)	(344,089)
Total Liabilities, Deferred	
Inflows, and Net Position	\$ 475,720

The accompanying notes are an integral part of this financial statement.

Muncy School District
Statement of Revenues, Expenditures and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2022

	Food Service Fund
OPERATING REVENUES	
Food service revenue	\$ 75,326
Charges for services	-
Total Operating Revenues	75,326
EXPENDITURES	
Salaries	207,770
Employee benefits	73,139
Purchased property services	5,795
Supplies	335,446
Depreciation	6,074
Total Expenditures	628,224
Operating income (loss)	(552,898)
NON-OPERATING REVENUES (EXPENSES)	
Earnings on investments	490
State sources	57,359
Federal sources	711,101
	768,950
Income (Loss) for the Period	216,052
Increase (Decrease) in Net Position	216,052
Net Position - Beginning of period	(560,141)
Net Position - End of period	\$ (344,089)

The accompanying notes are an integral part of this financial statement.

**Muncy School District
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022**

	Food Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from users	\$ 75,326
Cash payments to employees for services	(310,557)
Cash payments to suppliers for goods and services	(360,228)
Net Cash (Used For) Operations	(595,459)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
State sources	57,381
Federal sources	726,338
Net Cash Provided By Non-Capital Financing Operations	783,719
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Capital outlay	-
Net Cash (Used For) Capital and Related Financing Operations	-
CASH FLOWS FROM INVESTING ACTIVITIES:	
Earnings on investments	490
Net Cash Provided By Investing Activities	490
Net Increase (Decrease) in cash for fiscal year	188,750
Cash and cash equivalents at - Beginning of Year	56,102
Cash and cash equivalents at - End of Year	\$ 244,852
RECONCILIATION OF OPERATING (LOSS) TO CASH (USED FOR) OPERATIONS:	
Operating (loss)	\$ (552,898)
Adjustments to reconcile-	
Depreciation	6,074
(Increase) Decrease in accounts receivable	(8,611)
(Increase) Decrease in inventories	(2,553)
Increase (Decrease) in accounts payable	(3,077)
Increase (Decrease) in accrued salaries and benefits	6,611
Increase (Decrease) in advances from other funds	(3,559)
Increase (Decrease) in unearned revenue	(1,187)
Increase (Decrease) in net pension liability	(126,898)
Increase (Decrease) in OPEB liability	2,915
(Increase) Decrease in deferred outflows	4,919
Increase (Decrease) in deferred inflows	82,805
Net Cash (Used For) Operations	\$ (595,459)

The accompanying notes are an integral part of this financial statement.

Muncy School District
Statement of Fiduciary Net Position
Private Purpose Trusts

June 30, 2022

	Private Purpose Trusts
Assets:	
Cash and cash equivalents	\$ 1,823
Investments	34,400
Other receivables	-
Prepaid expenses	-
Total Assets	36,223
Liabilities:	
Accounts payable	-
Total Liabilities	-
Net Position:	
Restricted for scholarships	36,223
Unrestricted	-
Total Net Assets	36,223
Total Liabilities and Net Assets	\$ 36,223

The accompanying notes are an integral part of this financial statement.

Muncy School District
Statement of Changes in Fiduciary Net Position
Private Purpose Trusts

June 30, 2022

	Private Purpose Trusts
Additions:	
Interest and dividends	\$ 38
Total Additions:	38
Deductions:	
Fees & Other Expenses	130
Total Deductions	130
Increase (Decrease) in Net Position:	(92)
Net Position - Beginning of period	36,315
Net Position - End of period	\$ 36,223

The accompanying notes are an integral part of this financial statement.

Muncy School District
Notes to Financial Statements
June 30, 2022

Note 1. Summary of Significant Accounting Policies

The accounting policies of the Muncy School District, "the School District" or "District" conform to United States generally accepted accounting principles (GAAP) as applicable to governmental entities. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) statements and interpretations to its governmental and business-type activities in certain situations.

1.A. – Description of Entity:

The Muncy School District, Lycoming County, Pennsylvania, operates as a school district of the 3rd class under the School Code of 1949 of the Commonwealth of Pennsylvania. The District operates under the management of a superintendent hired by and responsible to an elected nine-member board of school directors.

1.B. – Financial Reporting Entity:

The District is the basic level of government which has responsibility and control over all activities related to public school education in its attendance area in Lycoming County, Pennsylvania. The attendance area includes the Borough of Muncy and the Townships of Muncy and Muncy Creek.

The District assesses the taxpayers of these municipalities based upon taxing powers at its disposal. The ability of the District's taxpayers to pay their assessments is dependent upon economic and other factors affecting the taxpayers.

The District receives funding from local, state, and Federal government sources and must comply with various requirements of these funding sources.

The District is not included in any other governmental reporting entity as defined by GASB pronouncements. The specific criteria used in determining whether other organizations should be included in the District's financial reporting entity are financial accountability, fiscal dependency and legal separation. Additionally, there are no other organizations which are required to be included as a component unit of the District's reporting entity.

1.C. – Basis of Presentation:

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities report information about the District as a whole. These statements include the financial activity of the District, except for fiduciary funds. The statements distinguish between those activities of the District that are

Muncy School District
Notes to Financial Statements
June 30, 2022
(Continued)

governmental and those that are considered business-type activities. The District's General, Capital Reserve, Capital Projects, Debt Service Funds and Student Activities and Private-purpose-student awards funds (newly classified here under GASB No. 84, previously fiduciary funds) are classified as governmental activities. The District's Food Service Fund is classified as a business-type activity.

The Statement of Net Position presents the financial condition of the governmental and business-type activities of the District as of the District's June 30 fiscal year end. The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities and for the single business-type activity of the District. Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the particular program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues, are presented, with certain limited exceptions, as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and business-type activity is self-financing or draws upon the general revenues of the District.

Fund Financial Statements

Fund financial statements of the District are organized into funds, each of which is considered to be a separate accounting entity. During the fiscal year, the School District accounts for its operations by segregating activities related to certain functions or activities into separate funds. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, and expenditures or expenses, as appropriate. School district resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Funds are organized into three major categories: governmental, proprietary, and fiduciary. In the presentation of fund financial statements for governmental and proprietary funds, those funds which are considered to be "major funds" are presented separately with the remaining funds in each of these categories being presented in an aggregated manner. A fund is defined as a major fund in accordance with GASB Statement No. 34 *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* if it meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or proprietary fund are at least 10 percent of the

Muncy School District
Notes to Financial Statements
June 30, 2022
(Continued)

corresponding total for all funds of that category, and;

2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or proprietary fund are at least 5 percent of the corresponding total for all governmental and proprietary funds combined.

Fiduciary funds are reported by type.

The funds of the District are described below:

Governmental Funds

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

Capital Reserve Fund –The capital reserve fund is a governmental fund which accounts for the proceeds of specific revenue and financing sources that are legally restricted to expenditures for specific capital project and related purposes.

Capital Projects Fund –The capital project fund is a governmental fund which accounts for the proceeds of specific revenue and financing sources that are legally restricted to expenditures for specific capital projects.

Debt Service Fund – The Debt Service Fund accounts for the accumulation of resources to provide payment of the District’s general obligation notes and the current fiscal year issuance new General Obligation Bonds for refunding of prior long-term debt.

Student Activities Fund – The School District's Student Activities fund is governmental fund, effective with the July 1, 2020 adoption of GASB No. 84 (previously an agency fund included and described among “Fiduciary funds” below). This fund accounts for the funds being held by the School District on behalf of various student clubs and organizations. Generally, there is no trust agreement that affects the degree of management involvement and the length of time that the resources are held. Such student clubs and organizations are generally authorized by District policy and the Board with oversight by District management and other employees (such as club advisors), but the account balances result from organization activity and are the property of the respective clubs, and are not District property in spite of the District’s administrative involvement and custody, through depository banking relationships, of the residual funds.

Muncy School District
Notes to Financial Statements
June 30, 2022
(Continued)

Proprietary Funds

Proprietary fund accounting and reporting is used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services on a continuing basis is to be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Food Service Fund – The Food Service Fund is the District's only proprietary fund. It is utilized to account for the District's operations in providing meal services. The Food Service Fund distinguishes between operating revenues and expenses and non-operating items. Operating revenues consist of charges for food served. Operating expenses consist mainly of food and food preparation costs, supplies, and other direct costs. All other revenues and expenses are reported as non-operating.

Fiduciary Funds

Trust and Agency Funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals. Fiduciary funds are custodial in nature and do not involve measurement of results of operation. Prior to the adoption of GASB No. 84, the District accounted for the Student Activities Fund as an agency fund. As of July 1, 2020, the District's only Fiduciary fund is:

Private-purpose Trust-Student Awards Fund – The student awards fund is used to account for funds received and utilized to account for assets held by the District in a trustee capacity for individuals and private organizations. Generally, the funds are restricted to be used to provide scholarships and similar awards to students and graduates of the District.

The funds, which are considered major funds for fund financial statement presentation, and are presented in a separate column within the respective fund category, are:

1. Governmental Funds
 - General Fund
 - Capital Reserve Fund
 - Debt Service Fund
 - Student Activities Fund (new following adoption of GASB No. 84)
2. Proprietary Funds - Food Service Fund

Muncy School District
Notes to Financial Statements
June 30, 2022
(Continued)

1.D. – Accounting Methods:

Accounting methods are described in terms of the measurement focus and basis of accounting.

Measurement focus is a term used to describe which transactions are recorded within the financial statements. Measurement focus is dictated by the principal objective of the accounting and reporting being presented.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus applied.

Measurement Focus

Government-wide Statements of Net Position and the Statements of Activities are prepared utilizing the “economic resources” measurement focus for both governmental and business-like activities. With this measurement focus, all assets and all liabilities associated with the operation of the District are included on the statement of net position. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in the District's net total assets.

Fund financial statements are prepared utilizing the “current financial resources” measurement focus in governmental funds.

In governmental funds, the principal objective of the accounting and reporting is to account for and report the flow of financial resources utilized in the delivery of services by that governmental entity. Typically, this entails the reporting of the various sources of revenues and expenditures versus a legally adopted budget. The emphasis is on accounting for this budget and the financial resources and requirements supporting it on an annual basis. This measurement focus accounts for current financial resources and as such revenue and expenditure recognition under this measurement focus is limited and excludes amounts represented by non-current assets or liabilities. Since they do not affect net current assets, long-term amounts are not recognized as revenues or expenditures or fund assets or liabilities.

Proprietary funds utilize an economic resources measurement focus because the objective of the accounting in these funds is the determination of operating income, changes in net position, financial position and cash flows. All assets and liabilities, whether current or non-current, associated with the activities of these funds are included.

Basis of Accounting

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become both measurable and available as net current

Muncy School District
Notes to Financial Statements
June 30, 2022
(Continued)

assets. Taxes are considered "available" when in the hands of the School District or, in the case of delinquent taxes, anticipated to be collected within 60 days after the fiscal year end and are recognized as revenue within the fiscal year.

Expenditures are generally recognized when the related fund liability is incurred. The exception to this general rule is that interest on general long-term debt is recognized only when payable.

Government-wide financial statements are prepared utilizing the accrual basis of accounting. Revenues are recognized when they are earned and their expenses are recognized when they are incurred.

Proprietary funds are also accounted for using the accrual basis of accounting.

1.E. – Revenue Recognition – Exchange and Non-exchange Transactions:

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

Non-exchange transactions, those in which the District receives value without giving equal value in return, include property taxes, earned income taxes, grants and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year in which the taxes are levied. Revenue from income taxes is recognized in which the income is earned. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all the eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the specific time period in which expenditures must be made in order to be eligible as grant, entitlement or donation eligible; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from a non-exchange transaction must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: earned income taxes, grants, interest, tuition, and student fees.

In conjunction with the District's adoption of GASB Statement No. 63 *Financial Reporting of*

Muncy School District
Notes to Financial Statements
June 30, 2022
(Continued)

Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position (GASB No. 63), as of the beginning of the fiscal year-ended June 30, 2013, the District has captioned the amounts historically disclosed as “deferred revenue,” as “unearned revenue.” The District’s unearned revenues balance as per the Fund financial statements represents unavailable tax revenues and has been disclosed as “deferred inflows of resources.” These amounts are recognized as revenue in the period in which the tax is levied in the Government wide statements and are not deferred inflows therein.

1.F. – Expenses and Expenditures:

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

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

1.G. – Assets, Liabilities and Net Position/Fund Balance:

The following summarizes certain of the District’s Summary of Significant Accounting Policies (SOSAP) matters relevant to significant accounting and financial statement components:

Cash and Cash Equivalents and Investments

Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and so near their maturities that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less qualify as cash equivalents. Investments are stated at cost or amortized cost, which approximates market.

Taxes and Intergovernmental Receivables

Taxes receivable are reported on the balance sheet at amounts that include any penalty amounts due net of an allowance for uncollectible balances. Management estimates the adequacy of the allowance for uncollectible taxes receivable based upon the historical experience in collecting these taxes. Intergovernmental receivables include amounts due from the state and federal governments for various grants and subsidies. For Fund Financial Statements only that portion of such receivables that is determined to be available as of the fiscal year end is recorded as revenue in the current year. Unearned revenue is credited for that portion of the receivable balance not meeting the revenue recognition criteria.

Muncy School District
Notes to Financial Statements
June 30, 2022
(Continued)

Inventory

Inventory is valued at cost (first-in, first-out). Inventory consists of food and related supplies in the District's Food Service Fund. Food donated by the U.S. Department of Agriculture (USDA) is recorded based upon market values provided by USDA. The school district's inventory of instructional and building maintenance supplies is not considered to be material and is, therefore, not reflected in the district's financial statement. The district utilizes the "purchases method" of accounting for such items under which such items are charged to expenditure when purchased.

Capital Assets

General capital assets are those assets not specifically related to activities in the District's Food Service Fund. These assets generally result from expenditures in the District's governmental funds. These assets are not included in the Fund Financial Statements. They are, however include in the governmental activities column of the Government-wide Statement of Net Position.

Capital assets used by the Food Service Fund are included in both the Fund Financial Statements and the business-type activities column of the Government-wide Statement of Net Position.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market value on the date of donation. The District maintains a capitalization threshold of \$1,500 which is applied to individual asset purchases or, in the case of the purchase of same or similar assets in a group, to the aggregated cost. Capital assets are those items meeting the above individual and group cost threshold with an estimated useful life in excess of one year. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

All capital assets, except land and construction/projects in progress, are depreciated. Construction in progress costs are accumulated until the project is complete and placed in service. At that time, the costs are transferred to the appropriate asset class and depreciation begins. Assets subject to capital lease financing arrangements are depreciated over the corresponding lease term.

Muncy School District
Notes to Financial Statements
June 30, 2022
(Continued)

Depreciation is computed using the straight-line method over the following useful lives:

<i>Description</i>	<i>Estimated Useful Lives</i>
Site Improvements	10-30 years
Buildings and Building Improvements	5-40 years
Furniture and Equipment	5-40 years
Furniture and Equipment-Business-type	5-15 years

The District does not have any infrastructure capital assets.

Deferred Loss on Refunding and Amortization

The losses recognized upon the refunding/refinancing of the District's bonds and notes are being amortized utilizing the straight-line method, which is a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. The deferred loss arose, in aggregate, from the difference between the carrying value of refunded debt and the reacquisition price.

Per the requirements of GASB No. 65, the District presents the net loss on refinancing as a component of Deferred Outflows of Resources in the accompanying statement of net position. Deferred losses on bond refunding resulted in amortization expense of approximately \$100,000 which is included as a component of interest expense in the accompanying statement of activities for the year-ended June 30, 2022. Straight-line amortization of these amounts is expected to continue through the District's fiscal year ending June 30, 2027, approximating the final maturity of the original, refinanced borrowing.

Accumulated Compensated Absences

The District's collective bargaining agreements with its professional and support employees specify the sick leave and vacation leave policies. Administrative personnel, while not party to these agreements, are provided similar benefits. The agreements generally do not provide for payment of accumulated sick leave, at retirement or other termination of service with the District. Vacation leave is available only to administrative and twelve-month support employees. Vacation pay is earned in the year in which the service has been performed. Employees are entitled to accrue an annual designated number of vacation days, which carry over from year to year.

Sabbatical leaves-The Pennsylvania School Code of 1949, as amended, provides that certain employees are entitled to sabbatical leaves. The district's potential liability for such leaves is not included in the financial statements because of the uncertainty of future amounts payable.

Muncy School District
Notes to Financial Statements
June 30, 2022
(Continued)

Pensions

The District has adopted GASB Statement No. 68 *Accounting and Financial Reporting for Pensions (as amended)* (GASB No. 68), effective as of the beginning of the fiscal year-ended June 30, 2015. Based upon the requirements of GASB No. 68, the District recognizes its proportionate share of the net pension liability relative relevant retirement benefits available to certain of the District's current and former employees and retirees.

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

The Pension Plan provides Retirement, death and disability, legislatively mandated *ad hoc* cost-of-living adjustments, healthcare insurance premium assistance benefits to qualifying annuitants. The plan operates under the authority of the Public School Employee's Retirement Code (the Code) (Act No. 96 of October 2, 1975, as amended) (24 Pa. C. S. 8101-8535). The Pension Plan is administered, at the State-wide level, by a 15-member board (the PSERS Board).

See also Note 9, "Pensions," for further discussion of Pensions and presentation and disclosure policies relative to the relevant account balances and amounts.

Other Postemployment Benefit Plans (Other than Pensions)

The District's employees and former employees, subject to eligibility requirements summarized here and detailed in the corresponding participant agreements, are provided postemployment benefits other than pensions via the PSERS Health Insurance Premium Assistance Program (the System Plan) (see Note 14 for further) and the Muncy School District Postemployment Benefits Plan (the District Plan) (see Note 15 for further) (OPEB Plans).

Following the scheduled adoption of GASB GASB No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB No. 75) as of July 1, 2017, the District accounts for these OPEB plans based upon the requirements of GASB No. 75. Periods ending at July 1, 2008 through June 30, 2017 were previously accounted for based upon the requirements of GASB No. 45 (also entitled *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*), which GASB No. 75 replaced). The year-end balances of the plans were \$1,252,000 for the PSERS, State-level plan and \$5,137,811 for the District-level plan, respectively.

Muncy School District
Notes to Financial Statements
June 30, 2022
(Continued)

Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net position invested in capital assets represents the costs of fixed assets net of related accumulated depreciation and related debt. Net position is reported as restricted when there are limitations imposed on their use either through restrictions imposed by creditors, grantors or laws or regulations of other governments.

Fund Balance

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB No. 54), the District classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the Board of Directors, the District’s highest level of decision-making authority, and does not lapse at year-end.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Superintendent or Business Administrator. Authority to make such assignments is granted by the Board of Directors via District policy but not through formal action of the School Board. The following are examples of activities resulting in assignment of fund balance:

- The School Board authorizes the District Business Manager to assign funds to specific purposes;
- The School Board passes a board motion authorizing assignments for activities as contemplated by the board.

Unassigned – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and, should they arise, negative fund balances in other governmental funds.

The District uses restricted /committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the

Muncy School District
Notes to Financial Statements
June 30, 2022
(Continued)

District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District does not have a formal minimum fund balance policy.

Eliminations and Internal Balances

Transactions and balances between governmental activities have been eliminated in the government-wide financial statements. Residual amounts due between governmental and business-type activities are labeled "internal balances" on the statement of net position. Examples of interfund activities include transfers between the General Fund and the Debt Service fund. Also, in the governmental fund statements, activity between funds that is representative of interfund lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds."

1. H. – Accounting Estimates:

Preparation of the School District's financial statements requires management to make certain estimates and assumptions about the effect of future events on the valuation of certain assets or liabilities and the reported amounts of revenues and expenses during the reporting period. These include assumptions regarding an allowance for uncollectible taxes and useful lives and residual values and depreciation and amortization methods related to productive facilities of the Food Service fund. Estimates are made because the measurement of some amounts or the valuation of some accounts is uncertain, pending the outcome of future events, or relevant data concerning events that have already occurred cannot be accumulated on a timely, cost-effective basis. Actual results could differ from these estimates.

Significant Risks and Uncertainties

The following represent factors which could cause actual results to differ from the estimates reflected in the accompanying financial statements:

- a) *Significant Group Concentrations of Credit Risk*
The District's operations are located in and around Muncy, Lycoming County of Pennsylvania. Its service area is located within the geographic bounds of the District. The District assesses taxpayers, within its service area, based upon taxing powers at its disposal. The ability of each of the District's taxpayers to honor their assessed obligations to the District is dependent upon economic and other factors affecting the taxpayers.

- b) *Grant Programs*
The District participates in both state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their

Muncy School District
Notes to Financial Statements
June 30, 2022
(Continued)

representatives. The District is potentially liable for any expenditure which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance that may result in the disallowance of program expenditures.

Note 2. Budgets and Budgetary Accounting

Budgets and Budgetary Accounting

In accordance with the Pennsylvania School Code of 1949, prior to June 30, the Board of Directors approve and adopt a General Fund Budget for the fiscal year beginning July 1. The General Fund Budget includes proposed expenditures and the means to finance them.

Formal budgetary integration is employed as a management control device during the year for the General Fund. Budgeted amounts are as originally adopted, or as amended by the Board of Directors. Individual amendments are not material in relation to the original appropriations which were amended. All budgeted appropriations lapse at fiscal year end.

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

- The District, before levying annual school taxes, is required to prepare an operating budget for the succeeding fiscal year.
- The District is required to have the budget printed, or otherwise made available for public inspection, at least twenty (20) days prior to the date set for the adoption of the budget. Final action may not be taken on any proposed budget in which the estimated expenditures exceed two thousand dollars (\$2,000), until after ten (10) days public notice.
 - The Board may make transfers of funds appropriated to any particular item of expenditure by legislative action during the last nine months of the fiscal year. An affirmative vote of a majority of all members of the Board is required.
 - Fund balances in budgetary funds may be appropriated based on resolutions passed by the Board, which authorize the District to make expenditures. Appropriations lapse at the end of the fiscal period. In order to preserve a portion of an appropriation for which expenditure has been committed by a purchase order, contract, or other form of commitment, an encumbrance is recorded. Encumbrances outstanding at year-end are reported as reservations of fund balances.
 - Program budgets, as prescribed by the state and federal agencies funding these programs, are included in the General Fund budget. These budgets are approved on a

Muncy School District
Notes to Financial Statements
June 30, 2022
(Continued)

program-by-program basis by the state or federal funding agency for the term of the program.

- Capital budgets are implemented as project budgets in connection with the issuance of debt for capital improvements and capital projects in the Capital Projects Fund. All transactions of the Capital Projects Fund are approved by the Board prior to commitment, thereby constructively achieving budgetary control.
- The District does not adopt a formal budget for the proprietary or debt service funds.

Note 3. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund. All encumbrances lapse at fiscal year end.

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of materials or services. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are reappointed in the next fiscal year. As of June 30, 2022, the District had no outstanding encumbrances. A reserve for encumbrances is not reported on the government-wide financial statements.

Note 4. Deposits With Financial Institutions and Investments

The School District's deposits and investments are potentially subject to credit and market risks. Credit risk involves the risk that another party to the deposit or investment transaction will not fulfill its obligation with respect to the deposit or investment. Credit risks include failures to perform, as agreed, on the part of the issuer of the security or the financial institution holding the deposit or the custodial agent for the security itself or supporting collateral. Market risk involves the risk that the market value of an investment itself or the supporting collateral will decline and expose the School District to a loss.

The School District's market and credit risks are reduced by legal restrictions as to the types of deposits and investments it is allowed to make under Pennsylvania law. The following information is provided to allow the reader to evaluate the market and credit risks associated with the School District's deposits and investments.

Muncy School District
Notes to Financial Statements
June 30, 2022
(Continued)

Government-wide Statement of Net Position Breakout of Cash and Investments:

Description	June 30, 2022 Amount
Cash and cash equivalents:	
Governmental Activities:	
Demand deposits	\$ 2,459,162
PSDLAF investment pool	12,566
US Treasuries	894,478
	3,366,206
Business-type activities:	
Demand deposits	244,395
Certificates of Deposit	10,000
Cash on hand	457
	254,852
Total Statement of Net Position Cash, Cash Equivalents and Investments	\$ 3,621,058

Types of Deposits and Investments Permitted for Pennsylvania School Districts:

Legal Requirements

Section 440.1 of the Pennsylvania Public School Code of 1949 requires deposits and investments of the School District to be restricted to the following:

- United States Treasury bills;
- Short-term obligations of the United States Government or its agencies or instrumentalities;
- Deposits in institutions insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or the National Credit Union Share Insurance Fund to the extent that such accounts are so insured, and, for any amounts above the insured maximum, provided that approved collateral as provided by the Act of August 6, 1971 (P.L. 281, No. 72) is pledged by the depository; or
- Obligations of the United States of America, the Commonwealth of Pennsylvania, or of any political subdivision of the Commonwealth of Pennsylvania or any of their agencies or instrumentalities backed by the full faith and credit of the United States of America, the Commonwealth of Pennsylvania, or of any political subdivision of the Commonwealth of Pennsylvania respectively.

Muncy School District
Notes to Financial Statements
June 30, 2022
(Continued)

Information Regarding Risks Related to Deposits and Investments:

At June 30, 2022, the School District had the following deposits and investments with the noted related credit and custodial risks:

<u>Cash Equivalent/Investment</u>	<u>June 30, 2022 Amount</u>	<u>Credit/Custodial Risk</u>
Governmental Activities:		
Demand and investment deposits-collateralization	\$ 2,186,402	Variable rate overnight investment with a bank collateralized with pooled securities held by a third party
Demand Deposits - FDIC insurance	272,760	
Demand Deposits - PSDLAF	12,566	An investment pool for Pennsylvania school districts rated AAAM
US Treasuries	894,478	
	<u>3,366,206</u>	
Business-type activities:		
Demand deposits-collateralization	244,395	Variable rate overnight investment with a bank collateralized with pooled securities held by a third party
Certificates of Deposit-FDIC	10,000	
Cash on hand	457	
	<u>254,852</u>	
Total Cash Equivalent/Investments	<u>\$ 3,621,058</u>	

PLGIT, the Pennsylvania Local Government Investment Trust is a pooled government investment fund which restricts its investments to those allowed for Pennsylvania school districts as outlined above.

For purposes of financial statement presentation some of the amounts classified as investments above are considered as cash equivalents. Cash equivalents are defined as short-term, highly liquid investments that are both:

- a. Readily convertible to known amounts of cash.
- b. So near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

Generally, only investments with original maturities of three months or less meet this definition.

Also some of the amounts classified as deposits above are considered to be investments for financial statement presentation.

Muncy School District
Notes to Financial Statements
June 30, 2022
(Continued)

Note 5. Intergovernmental Receivables

Intergovernmental receivables consist of subsidies, grants and refunds due from the state and federal governments as of June 30, 2022. As discussed in Note 1, revenue of the general fund is recognized on the modified accrual basis.

Note 6. Taxes and Taxes Receivable

The School District levies Real Estate and Per Capita taxes based on valuations provided by Lycoming County, Pennsylvania. The calendar for taxes levied for the fiscal year ended June 30, 2022, was as follows:

July 1, 2021	Original levy date
July 1, - August 31, 2021	2% discount period
September 1, - October 31, 2021	Face period
November 1, - December 31, 2021	10% penalty period
January 1, 2022	Lien date

Taxes receivable represents amounts due the School District as of June 30, 2022, for earned income tax real estate transfer tax, delinquent real estate, occupational, and per capita taxes recorded at their penalty amounts. A breakout of the detail is as follows:

	<u>Amount</u>
Real estate taxes	\$ 449,238
Real estate transfer	31,086
Earned income tax	366,776
	<u>\$ 847,100</u>

As discussed in Note 1, revenue related to taxes receivable is recognized on a modified accrual basis in fund financial statements. As of June 30, 2022, \$530,044 of the net balance of taxes receivable has been recognized as revenue in the fund financial statements. Government-wide financial statements are prepared on an accrual basis and all of the balance of taxes receivable has been recognized as revenue.

Muncy School District
Notes to Financial Statements
June 30, 2022
(Continued)

Note 7. Fixed Assets

The following is a summary of activity for the District's fixed assets:

Governmental Funds Fixed Assets:

Description	Cost June 30, 2021	Fiscal Year-ended June 30, 2022		Cost June 30, 2022	Depreciation Expense For Year-ended June 30, 2022	Accumulated Depreciation June 30, 2022	Net Asset June 30, 2022
		Additions	Retirements/ Transfers				
Land	613,229	-	-	613,229	-	-	613,229
Land improvements	1,883,146	13,214	-	1,896,360	73,277	1,175,285	721,075
Buildings & improvements	38,051,762	376,016	-	38,427,778	886,735	12,357,632	26,070,145
Machinery & equipment	3,683,183	318,641	-	4,001,824	304,010	2,615,760	1,386,065
Construction in Progress	-	18,583	-	18,583	-	-	18,583
	<u>\$ 44,231,320</u>	<u>\$ 726,454</u>	<u>\$ -</u>	<u>\$ 44,957,774</u>	<u>\$ 1,264,022</u>	<u>\$ 16,148,677</u>	<u>\$ 28,809,097</u>

Unallocated depreciation expense of \$1,264,022 was charged to governmental activities functions/ programs of the District during the year-ended June 30, 2022.

Food Service Fixed Assets:

Description	Cost June 30, 2021	Fiscal Year-ended June 30, 2022		Cost June 30, 2022	Depreciation Expense For Year-ended June 30, 2022	Accumulated Depreciation June 30, 2022	Net Asset June 30, 2022
		Additions	Retirements/ Transfers				
Machinery & equipment	\$ 500,467	\$ -	\$ -	\$ 500,467	\$ 6,074	\$ 443,600	\$ 56,867
	<u>\$ 500,467</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500,467</u>	<u>\$ 6,074</u>	<u>\$ 443,600</u>	<u>\$ 56,867</u>

See Note 1.G. for further explanation of the accounting treatment of fixed assets.

Note 8. Unearned Revenues

Unearned revenues at June 30, 2022 consist of the following:

Government-Wide Statement of Net Assets:		
Governmental Activities:		Amount
Unearned/unavailable tax revenue	\$	-
	\$	-
Governmental Fund Statements:		
General Fund:		
Unearned/unavailable tax revenue	\$	317,056
	\$	<u>317,056</u>

As discussed in Note 1, the difference in measurement focus between government-wide statements and fund financial statements, results in the above difference in deferred revenue. Government-wide statements are prepared utilizing accrual basis accounting while fund

Muncy School District
Notes to Financial Statements
June 30, 2022
(Continued)

financial statements utilize the modified accrual basis of accounting.

Unearned/deferred revenue, as included in the deferred outflows of resources financial statement caption, represents revenue not yet recorded as revenue because of not meeting the "available" criteria. See Note 1 for further discussion.

Note 9. Pensions

General information about the Pension Plan:

1. ***Plan Description:***

PSERS is a governmental cost-sharing, multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania into which more than approximately 600 reporting units contribute. The members eligible to participate in the System include 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.

2. ***Benefits Provided:***

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reach (a) age 62 with at least 1 year of credit 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 T-F members must work until age 65 with a minimum of three (3) years of service to attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of credited service. Benefits are generally equal to 2% or 2.5%, depending on membership class, of the member's final average salary (as defined by the Code) multiplied by the number of years of credited service. For members who membership started prior to July 1, 2011, after completion of five (5) years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten (10) years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending on

Muncy School District
Notes to Financial Statements
June 30, 2022
(Continued)

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 salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply disability benefits.

Death benefits are payable upon death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three (3) years of credited service for Class T-E and Class T-F members) or who has at least five (5) years of credited service (ten (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.

3. **Funding Policy - Contributions:**

a. **Member Contributions:**

Member Contribution Rates				
(the contribution rates based on qualified member compensation for virtually all members are presented below):				
Membership Class	Continuous Employment Since	Defined Benefit (DB) Contribution Rate	Defined Contribution (DC) Rate	Total Contribution Rate
T-C	Prior to July 22, 1983	5.25%	N/A	5.25%
				6.25%
T-C	On or after July 22, 1983	6.25%	N/A	6.25%
T-D	Prior to July 22, 1983	6.50%	N/A	6.50%
T-D	On or after July 22, 1983	7.50%	N/A	7.50%
T-E	On or after July 1, 2011	7.50% (*)	N/A	7.50%
T-F	On or after July 1, 2011	10.30% (*)	N/A	10.30%
T-G	On or after July 1, 2019	5.50% (*)	2.75%	8.25%
T-H	On or after July 1, 2019	4.50% (*)	3.00%	7.50%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

(*) Represents a “base rate” - Membership Classes T-E, T-F, T-G, and T-H are

Muncy School District
Notes to Financial Statements
June 30, 2022
(Continued)

affected by a “Shared Risk” provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class contribution rates to fluctuate.

Shared Risk Program Summary				
(“Shared risk,” as defined by PSERS, pertains to the risks and rewards of investment performance – potential Shared Risk-related fluctuations are summarized as follows:)				
Membership Class	Defined Benefit (DB) Base Rate	Shared Risk Increment	Minimum	Maximum
T-E	7.50%	+/- 0.50%	5.50%	9.50%
T-F	10.30%	+/- 0.50%	8.30%	12.30%
T-G	5.50%	+/- 0.75%	2.50%	8.50%
T-H	4.50%	+/- 0.75%	1.50%	7.50%

b. Employer Contributions:

The District’s contractually required contribution rate for fiscal year ended June 30 2022, was 33.99% of covered payroll (34.94%, net of premium assistance (0.80%) and defined contribution (0.15%) portions), 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 and received by the Pension Plan from the District were approximately \$2,297,000 for the year ended June 30, 2022.

In accordance with Act 29 of 1994, the Commonwealth of Pennsylvania is required to reimburse the School District for contributions made to the retirement plan based upon a formula provided in the Act but not less than one-half of the School District’s contributions.

4. Pension Liability:

At June 30, 2022, the District reported a liability of approximately \$21,760,000, for its proportionate share of the PSERS net pension liability. The net pension liability was measured as of June 30, 2021 (for 2022), and the total pension liability used to calculate the net pension liability was determined by rolling forward the System’s total pension liability as of June 30, 2020 to June 30, 2021. The District’s proportion of the net pension liability was calculated utilizing the employer’s one-year reported covered payroll as it relates to the total one-year reported covered payroll reported by all PSERS participating employers. At June 30, 2021 (for 2022), the District’s proportion of was 0.0533%, which represents a decrease of 0.0003% by from its proportion measured as of June 30, 2020 (for 2021) (0.0533%; decreased by 0.56%).

Muncy School District
Notes to Financial Statements
June 30, 2022
(Continued)

For the year ended June 30, 2022, the District recognized pension expense of approximately \$1,480,000. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 16,000	\$ 286,000
Changes in assumptions	1,055,000	-
Net difference between projected and actual investment earnings	-	3,463,000
Changes in proportions	238,000	108,000
Contributions subsequent to the measurement date	2,576,927	-
	\$ 3,885,927	\$ 3,857,000

Deferred outflows resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2023	\$	(597,000)
2024		(375,000)
2025		(457,000)
2026		(1,119,000)
	\$	(2,548,000)

5. ***Actuarial Assumptions:***

The total pension liability as of June 30, 2021 (for 2022), was determined by rolling forward the System's total pension liability as of the June 30, 2020 actuarial valuation to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

- (a) *Actuarial Cost Method:* Entry Age Normal – level % of pay
- (b) *Investment Return:* 7.00% (was 7.25%), includes inflation at 2.75%
- (c) *Salary Increases* 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.

Muncy School District
Notes to Financial Statements
June 30, 2022
(Continued)

- | | | |
|-----|------------------------|--|
| (d) | <i>Mortality rates</i> | 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. |
| (e) | <i>Discount rates</i> | The discount rate used to measure the Total Pension Liability decreased from 7.25% as of June 30, 2020 to 7.00% as of June 30, 2021. |

Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 (for 2022) actuarial valuation:

- Salary growth rate - decreased from 5.00% to 4.50%.
- Real wage growth and merit or seniority increases (components for salary growth) - decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
- Mortality rates - Previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

The actuarial assumptions used in the June 30, 2021 (for 2022 valuation were based on the experience study that was performed for the five-year period ending June 30, 2020.

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

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

Muncy School District
Notes to Financial Statements
June 30, 2022
(Continued)

The following was 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 (for 2022):

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected 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%</u>	

6. ***Discount Rate:***

The discount rate used to measure the total pension liability was 7.00% (was previously 7.25%). 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.

7. ***Sensitivity to Discount Rate Changes:***

The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the pension liability would be if it were calculated using discount rates that are 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate in order to demonstrate the sensitivity of the District’s proportionate share of the Net Pension Liability to changes in the discount rate:

	<u>1% Decrease 6.00%</u>	<u>Current Discount Rate 7.00%</u>	<u>1% Increase 8.00%</u>
District's proportionate share of the net pension liability	\$ 28,561,000	\$ 21,760,000	\$ 16,023,000

Muncy School District
Notes to Financial Statements
June 30, 2022
(Continued)

8. ***Pension Plan Fiduciary Net Position:***
Detailed information about PSERS’s fiduciary net position is available in the PSERS Comprehensive Annual Financial Report (CAFR) which can be found on the System’s website at www.psers.pa.gov.

Note 10. Long-term Debt

The District’s general obligation note long-term debt of the as of June 30, 2022 is comprised of the following:

Series of 2019 General Obligation Bonds (GOB 2019)

On July 24, 2019, the District issued \$6,660,000 of General Obligation Bonds Series 2019, with an average interest rate of 2.90%. Proceeds of the bonds are to be used to complete construction improvements and renovations to the Junior/Senior High School and, to the extent of any remaining funds, to undertake additional capital projects.

The interest rates on the bond vary between 2.50% and 4.00% based upon maturity. Full maturity of the GOB 2019 is approximately May 2031 at which point a final bond principal payment of \$3,875,000 is due. The GOB 2019 provide for an optional redemption at approximately May 15, 2025.

Debt service requirements of the GOB 2019 are as follow:

Fiscal Year Ended	Series of 2019 GOB		Total
	Principal	Interest	
2023	645,000	191,275	836,275
2024	650,000	165,475	815,475
2025	700,000	139,475	839,475
2026	720,000	118,475	838,475
Thereafter	3,875,000	387,500	4,262,500
	\$ 6,590,000	\$ 1,099,075	\$ 7,689,075

Series of 2021 General Obligation Bonds (GOB 2021)

On March 24, 2021, the District issued \$10,620,000 of General Obligation Bond Series 2021, with an average interest rate of 1.9%. Proceeds of the bonds were used to advance refund Series 2017. Debt service requirements of the GOB 2021 are as follow:

Muncy School District
Notes to Financial Statements
June 30, 2022
(Continued)

Fiscal Year Ended	Series of 2021 GOB		Total
	Principal	Interest	
2023	630,000	184,780	814,780
2024	630,000	181,630	811,630
2025	635,000	177,220	812,220
2026	645,000	170,870	815,870
2027	650,000	163,452	813,452
Thereafter	7,195,000	932,448	8,127,448
	<u>\$ 10,385,000</u>	<u>\$ 1,810,400</u>	<u>\$ 12,195,400</u>

The School District receives financial assistance from the Commonwealth of Pennsylvania with respect to the bonds. This assistance is in the form of a reimbursement for a portion of the bond interest and principal payments made. During the fiscal year ended June 30, 2022 the School District recorded approximately \$216,000 of such assistance which represented approximately 16% of such payments. Future reimbursements are subject to changes in the applicable statutory provisions and appropriations by the Pennsylvania General Assembly.

All of the future payment requirements shown in the tables above are prior to any financial assistance which may be received from the Commonwealth of Pennsylvania in support of debt service payments.

A summary of activity in the general obligation note long-term debt activity for the fiscal year is as follows:

Description	Balance June 30, 2021	Additional Borrowings	Principal Reductions	Balance June 30, 2022
GOB 2015	\$ 1,200,000	\$ -	\$ (1,200,000)	\$ -
GON 2019	6,620,000	-	(30,000)	6,590,000
GOB 2021	10,490,000	-	(105,000)	10,385,000
	<u>18,310,000</u>	<u>-</u>	<u>(1,335,000)</u>	<u>16,975,000</u>
Unamortized bond premium	200,763	-	(29,309)	171,454
	<u>\$ 200,763</u>	<u>\$ -</u>	<u>\$ (29,309)</u>	<u>\$ 171,454</u>

Unused Lines of Credit

The District has no unused Lines of Credit or other similar borrowings.

Events of Default, Collateral, and Other Matters

Under the terms of the relevant borrowing agreements, the District's lenders may accelerate/call the District's repayment obligations in an event of default such as, but not limited to, that a payment of principal and/or interest is delinquent.

Muncy School District
Notes to Financial Statements
June 30, 2022
(Continued)

No such delinquencies or accelerations have occurred.

The District's lenders' collateral for the District's borrowings is a claim on the District's real estate and other tax receipts. Further collateral is provided by the ability for the District's lenders to intercept subsidy funding from the Commonwealth of Pennsylvania such as the Basic Education and other subsidies. Further collateral is also provided by the District's fixed and other assets.

Aggregate Debt Service

Aggregate debt service to maturity on the District's general obligation notes at June 30, 2022, is summarized as follows:

Fiscal Year Ended	Combined Debt Service		Total
	Principal	Interest	
2023	1,275,000	376,055	1,651,055
2024	1,280,000	347,105	1,627,105
2025	1,335,000	316,695	1,651,695
2026	1,365,000	289,345	1,654,345
2027	650,000	260,327	910,327
2028-2032	7,290,000	1,039,475	8,329,475
2033-2037	3,780,000	280,473	4,060,473
	\$ 16,975,000	\$ 2,909,475	\$ 19,884,475

Total interest expense on long-term debt in 2022 was \$515,870 (net of premium amortization of approximately \$29,000). No interest was capitalized (i.e., added to the carrying value of capital assets) during 2022.

Note 11. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation, sick, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside of the control of the District and its employees is accrued as employees earn the rights to the benefits. Compensated absences that related to future services or that are contingent on a specific event that is outside the control of the District and its employees are accounted for in the period in which such services are rendered or such events take place.

In the governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for them. The remainder of the compensated absences liability is reported in general long-term debt in the government-wide financial statements.

Muncy School District
Notes to Financial Statements
June 30, 2022
(Continued)

In the proprietary fund and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

Description	Balance June 30, 2021	Additional Borrowings	Principal Reductions	Balance June 30, 2022
Compensated Absences	\$ 149,031	\$ 33,134	\$ (37,433)	\$ 144,732
	<u>149,031</u>	<u>33,134</u>	<u>(37,433)</u>	<u>144,732</u>

Note 12. Contingencies-Public Entity Risk Pools

The School District is a member of The Lycoming County Insurance Consortium Pooled Trust, "the Trust", which provides group health benefits to employees of the district. The District made payments for health care benefit claims coverage of approximately \$1,700,000 to the Trust during the fiscal year ended June 30, 2022. Audited financial statements of the Trust are available in the District's Business Office.

Public entity risk pools consist of groups of governmental entities joining together to finance an exposure, liability, or risk. Such risk pools may involve a transfer or pooling of the risk among the participating members or it may involve retention of a portion of or all of the risk by the individual members incurring the losses. Such pools may also involve the transfer of a portion or all of the risk of loss to another entity outside the pool by purchase of insurance.

The School District participates in the following programs of the Trust:

Health Benefits

The Trust provides health benefits to members under a pooling of risk concept. Required contributions by members are determined on an annual basis by the Trust.

Under the terms of membership in the Trust, should the School District decide to withdraw from the Trust, it would be required to give 180-days prior written notice, pay any deficit generated by its claims experience or from non-payment of premiums or contributions to the trust, as calculated by the Trust at the time of notification of the intent to withdraw. Any deficit repayment relative to claims would be based upon claims incurred by the District prior to the effective date of the withdrawal from the Trust. Additionally, the District would be required to pay a termination fee to the trust of the greater 25% of the District's net interest in the Trust's operating surplus from the year in which the withdrawal would occur, which is calculated based upon a formula and takes into consideration payment status of any other District specific claims incurred or premium deficits, if any, or \$50,000.

Muncy School District
Notes to Financial Statements
June 30, 2022
(Continued)

Stop-Loss Insurance

The School District participates in stop-loss excess insurance which the Trust has purchased on-behalf of the pooled group which covers employee health benefit claims in excess of a \$375,000 specific deductible.

Note 13. Non-monetary Transactions

The School District's Food Service fund received \$47,922 of Donated Commodities from the U. S. Department of Agriculture (USDA) for the fiscal year ended June 30, 2022. The receipt of these commodities is recorded at values provided by the USDA.

Note 14. Postemployment Benefits Other Than Pensions – Multi-employer/Cost Sharing

PSERS Health Insurance Premium Assistance Program (the PSERS Plan)

General Information about the PSERS Plan:

1. Health Insurance Premium Assistance Program

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2018, there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

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

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

Pension Plan description

PSERS is a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of

Muncy School District
Notes to Financial Statements
June 30, 2022
(Continued)

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 (for 2022), there were no assumed future benefit increases to participating eligible retirees

Employer Contributions:

The school districts' contractually required contribution rate for the fiscal year ended June 30, 2021 (for 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 approximately \$59,000 for the year ended June 30, 2022.

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

At June 30, 2022, the District reported a liability of \$1,252,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021 (for 2022), and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 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, 2020 (for 2021), the District's proportion of was 0.0528%, which was a decrease of 0.0004% from its proportion measured as of June 30, 2020 (for 2021) (0.0532%; decrease of 0.75%)

For the year ended June 30, 2022, the District recognized OPEB expense of \$77,000. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Muncy School District
Notes to Financial Statements
June 30, 2022
(Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 12,000	\$ -
Changes in assumptions	133,000	17,000
Net difference between projected and actual investment earnings	2,000	-
Changes in proportions	30,000	31,000
Contributions subsequent to the measurement date	60,651	-
	\$ 237,651	\$ 48,000

Deferred outflows resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the following year. Other amounts, reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2023	\$ 22,000
2024	22,000
2025	23,000
2026	27,000
2027	21,000
Thereafter	14,000
	\$ 129,000

The net liabilities, the deferred outflows/inflows, and OPEB expenses for the PSERS plan have been allocated between the general fund and the food service fund, based on each funds share of Premium Assistance contribution.

3. Actuarial Assumptions

The Total OPEB Liability as of June 30, 2021 (for 2022), 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:

- (a) *Actuarial cost method:* Entry Age Normal - level % of pay
- (b) *Investment return:* 2.18% (was 2.66%) - S&P 20 Year Municipal Bond Rate
- (c) *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

Muncy School District
Notes to Financial Statements
June 30, 2022
(Continued)

- 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
- (d) *Mortality rates:* 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.
- (e) *Participation rate:* Eligible retirees will elect to participate Pre age 65 at 50%
Eligible retirees will elect to participate Post age 65 at 70%
63% of eligible retirees are assumed to elect premium assistance
- (f) *Employer contribution rate ((f)(i – iv)):* The results of the actuarial valuation as of June 30, 2019 determined the employer contribution rate for fiscal year 2021 (for 2022).
- (i) *Cost Method: (employer contribution)* Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date
- (ii) *Asset valuation method:* Market Value
- (iii) *Participation rate: (employer contribution)* 63% of eligible retirees are assumed to elect premium assistance.
- (iv) *Mortality rates (employer contribution)* Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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 the period ending June 30, 2015.

Investments

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

Muncy School District
Notes to Financial Statements
June 30, 2022
(Continued)

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

OPEB Asset Class	Target Allocation	Long-Term Expected Rate of Return
Cash	79.80%	0.10%
US Core Fixed income	17.50%	0.70%
Non-US Developed Fixed	2.70%	-0.30%
	100%	

The above was the Board’s adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2021 (for 2022).

Discount rate

The discount rate used to measure the Total OPEB Liability was 2.18% (was 2.66% in prior-year). 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.

System Net OPEB Liability’s Sensitivity to Change in Healthcare Cost Trend Rates

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2021 (for 2022), retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2021 (for 2022), 93,392 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2021 (for 2022), 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.

Muncy School District
Notes to Financial Statements
June 30, 2022
(Continued)

The following presents the System net OPEB liability for June 30, 2021 (for 2022), calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if its health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	Healthcare Cost Trend Rate		
	1% Decrease	Current Rate	1% Increase
PSERS Plan net OPEB liability	\$ 1,090,000	\$ 1,090,000	\$ 1,090,000

District’s proportionate share of the net OPEB liability’s sensitivity to discount rate changes

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

	Current Discount Rate		
	1% Decrease 1.18%	2.18%	1% Increase 3.18%
PSERS Plan net OPEB liability	\$ 1,251,000	\$ 1,090,000	\$ 957,000

OPEB plan fiduciary net position

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

Note 15. Postemployment Benefits Other Than Pensions – Single Employer

Muncy School District Postemployment Benefits Plan (the “MSD” or “District” Plan)

General Information About the District Plan:

The District Plan, which is a District-specific, employer-sponsored OPEB plan for all eligible retirees who qualify and elect to participate. All liabilities, deferred outflows/inflows and OPEB gain of the MSD Plan have been allocated to the general fund as there are no employees in the food service fund who would be eligible for subsidy in the MSD Plan.

The Muncy School District Postemployment Benefits Plan (the MSD or District Plan) is a single-employer defined benefit healthcare plan administered by the District. The District adopted the MSD Plan in February of 2016. The District has elected to pay benefits directly

Muncy School District
Notes to Financial Statements
June 30, 2022
(Continued)

from District assets, rather than create and then fund a trust to provide benefits. As the MSD Plan has no trust, the MSD Plan does not have a stand-alone financial statement to present.

1. Plan Descriptions

The District Plan provides the following postemployment health care plans which provide health insurance for qualified retirees. The MSD Plan was established in accordance with Act 110 of October 20, 1988, and Act 43 of July 8, 1989, by which the Pennsylvania Public Education Code was amended, obligating the District to make the District group health insurance coverage available to its retirees who have met certain criteria. Benefits and eligibility for subsidized coverage are as follows:

Group I – Business Administrator

Eligibility: 10 years administrative service or 15 years total service with the District

Coverage: Medical and Prescription Drug coverage

Premium Sharing: Retiree contributes any PSERS premium assistance he/she is receiving. If the Retiree elects the Indemnity Plan, the Retiree must also contribute the difference between the Indemnity plan and the PPO Plan. District pays the remaining amount. If the Retiree completes 15 or more years of District service, the District also pays for the full PPO premium for the spouse (if the Indemnity plan is elected, the Retiree must contribute the difference between the premiums). Otherwise, the spouse must pay the full premium.

Dependent Coverage: Families included.

Duration: Retiree coverage ends at Retiree Medicare eligibility. Spouse coverage ends at the earlier of Retiree Medicare eligibility, spouse Medicare eligibility, or Retiree death.

Group II A – Teachers retired before June 30, 2017

Eligibility: Age 51 and 15 years of service with the District

Coverage: Same as Group I

Premium Sharing: Retiree contributes any PSERS premium assistance he/she is receiving. If retirement occurs on or after January 1, 2011, and the Retiree elects the Indemnity Plan, the Retiree must also contribute the difference between the Indemnity plan and the PPO Plan. District pays the remaining amount. District also pays for the full PPO premium for the spouse (if the Indemnity plan is elected, the Retiree must contribute the difference between the premiums).

Dependent Coverage: Same as Group I.

Duration: Same as Group I.

Group II B – Teachers retired after June 30, 2017

Eligibility: Same as Group II A

Coverage: Same as Group I

Muncy School District
Notes to Financial Statements
June 30, 2022
(Continued)

Premium Sharing: Retiree contributes any PSERS premium he/she is receiving. The District pays the full amount for the QHDP coverage for the Retiree only. The spouse may elect coverage by paying the full premium.

District will also make up to 8 annual deposits to the Retiree's HSA from \$937.50 to \$4,375.

Dependent Coverage: Same as Group I.

Duration: Retiree coverage ends at Retiree Medicare eligibility. Spouse coverage ends at the earlier of Retiree Medicare eligibility, spouse Medicare eligibility, or Retiree death.

District contributions to the Retiree's HSA ceases at the earlier of 8 years, Retiree Medicare eligibility, or death.

Group III A – Certified Administrators retired before June 30, 2017

Eligibility: Same as Group I

Coverage: Same as Group I

Premium Sharing: Same as Group I

Dependent Coverage: Same as Group I

Duration: Same as Group I

Group III B – Certified Administrators retired after June 30, 2017

Eligibility: Same as Group I

Coverage: Same as Group II B

Premium Sharing: Same as Group II B

Dependent Coverage: Same as Group II B

Duration: Same as Group II B

All Other Employees:

Employees not included in the groups described above are not eligible to receive subsidized coverage. However, those who meet the requirements of Act 110/43 are eligible to receive coverage for themselves, their spouse and dependents, by paying the full premium determined for the purpose of COBRA. Employees are eligible under Act 110/43 upon retiring with 30 years PSERS service or upon superannuation retirement. Retiree coverage ends at Retiree Medicare eligibility. Spouse coverage ends at the earlier of Retiree Medicare eligibility, spouse Medicare eligibility, or Retiree death.

Premium Assistance through the Pennsylvania School Employee Retirement System
In accordance legislation enacted by the Commonwealth of Pennsylvania, eligible retirees may receive up to \$100 per month in reimbursement to assist in the payment for basic health insurance. The Plan is administered by PSERS and funded by contributions from the school districts and the Commonwealth of Pennsylvania.

Muncy School District
Notes to Financial Statements
June 30, 2022
(Continued)

PSERS issues a comprehensive annual financial report that includes financial statements and required supplemental information on the plan. That report may be obtained by:

Telephone request at 1-888-773-7748

Email: See www.psers.pa.gov

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

At June 30, 2022, the District reported a net OPEB liability of \$5,137,811 under the District Plan. The net OPEB liability was measured as of June 30, 2021/July 1, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the District Plan's total OPEB liability as of June 30, 2020 to June 30, 2021. The District is the only employer sponsoring the District Plan (i.e. proportion of the overall net OPEB liability attributable to the District is 100%).

For the year ended June 30, 2022, the District recognized OPEB expense of \$489,201. The OPEB expense is comprised of approximately \$346,000 of service cost and \$109,000 of interest on the OPEB liability, and approximately \$34,000 of net amortization of deferred inflows/outflows of resources. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 470,954	\$ 538,392
Difference between expected and actual experience	469,623	248,436
Contributions subsequent to the measurement date	261,677	-
	\$ 1,202,254	\$ 786,828

Deferred outflows resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the following year. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Muncy School District
Notes to Financial Statements
June 30, 2022
(Continued)

Year ended June 30:		
2023	\$	33,531
2024		33,531
2025		33,531
2026		33,531
2027		33,531
Thereafter		(13,906)
		\$ 153,749

3. Actuarial Assumptions

The Total OPEB Liability as of June 30, 2021/July 1, 2021, was determined by rolling forward the District'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:

- (a) *Actuarial cost method:* Entry Age Normal - level % of pay

- (b) *Interest rate:* 2.28% (was 1.86 %) - S&P 20 Year Municipal Bond Rate (PSERS OPEB rate)

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

Premium Assistance reimbursement is capped at \$1,200 per year.

- (d) *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.

Muncy School District
Notes to Financial Statements
June 30, 2022
(Continued)

- (e) *Participation rate:* No disability was assumed
Assumed retirement rates are based on PSERS plan experience and vary by age, service, and gender.
- 100% of members eligible to received subsidized benefits and 10% of members eligible for ACT 110/43 COBRA benefits are assumed to elect coverage.

Actuarial Cost Method – Entry Age Normal

Under the Entry Age Normal Cost Method, the Normal Cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The Accrued Liability as of the valuation date is the excess of the present value of future benefits over the present value of future Normal Cost. The Unfunded Accrued Liability is the excess of the Accrued Liability over the Actuarial Value of Assets. Actuarial gains and losses serve to reduce or increase the Unfunded Accrued Liability.

The OPEB liability includes the amounts due retired employees under retiree health insurance plans, the amount determined as the implicit subsidy included in active employee insurance premiums for retirees purchasing health insurance through the District health plan, and amounts actuarially determined to be earned by current employees.

Funding Policy

The plans for medical coverage for employees and the Act 110/43 COBRA Benefit Plans are funded by the District on a pay as you go basis to meet the obligations of the Plans. As summarized in these Notes to the Financial Statements the Premium Assistance Plan is funded in accordance with legislation as enacted by the Commonwealth of Pennsylvania with school districts and the Commonwealth sharing in the funding of the Plan at a rate of 0.80% and 0.82% of eligible wages in the fiscal year ended June 30, 2022 and 2021, respectively. Such rate is subject to change. Refer to the PSERS information cited above for information as to the funding policies and status of this Plan.

Funded Status

The District Plan is funded on a “pay as you go” basis as of July 1, 2020, rolled forward to July 1, 2021 (for 2022), the most recent actuarial valuation date. As described, the Unfunded Accrued Liability is the excess of the Accrued Liability over

Muncy School District
Notes to Financial Statements
June 30, 2022
(Continued)

the Actuarial Value of Assets. The Actuarial Value of Assets is \$0 for this purpose at June 30, 2021 and 2022, respectively.

The actuarial assumptions included a 2.28% interest rate, which is expected to approximate the rate earned on the District's deposits.

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Actuarial amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The calculations are based on the types of benefits provided under the terms of the substantive plan at the time of valuation and on the pattern of cost sharing between the employer and plan members. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Discount rate

The discount rate used to measure the Total OPEB Liability was 2.28% (was 1.86% in prior-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 2.28% which represents the S&P 20 year Municipal Bond Rate at July 1, 2021, was applied to all projected benefit payments to measure the total OPEB liability.

Sensitivity of the District Plan's OPEB liability to changes in the discount rate

The following presents the net OPEB liability, calculated using the discount rate of 2.28%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.28%) or 1-percentage-point higher (3.28%) than the current rate:

Muncy School District
Notes to Financial Statements
June 30, 2022
(Continued)

	1% Decrease 1.28%	Current Discount Rate 2.28%	1% Increase 3.28%
District Plan net OPEB liability	\$ 5,476,281	\$ 5,137,811	\$ 4,809,641

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

The health care cost trend rate was 5.5% in 2020 through 2023. Rates gradually decrease from 5.4% in 2024 to 4.0% in 2075 and later, based upon the Society of Actuaries Long-Run Medical Cost Trend Model.

The following presents the District Plan net OPEB liability at June 30/July 1, 2021 (for 2022), calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if it health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Healthcare Cost Trend Rate Current Rate	1% Increase
District Plan net OPEB liability	\$ 4,611,343	\$ 5,137,811	\$ 5,750,509

Note 16. Fund Balance

The District's accounting policies are discussed further per note 1.G. – *Summary of Significant Accounting Policies – Assets, Liabilities and Net Position/Fund Balance*. The following is a schedule of fund balances:

Fund balances:	General Fund	Capital Reserve Fund	Capital Project Fund	Student Activities Fund	Total
Nonspendable:					
	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for:					
Capital projects	-	224,099	149,595	-	373,694
Committed to:					
Future retirement and health care rate changes	1,159,000	-	-	-	1,159,000
Assigned to:					
Student sponsored activities	-	-	-	123,678	123,678
Unassigned:	1,746,067	-	-	-	1,746,067
Total fund balances	<u>\$ 2,905,067</u>	<u>\$ 224,099</u>	<u>\$ 149,595</u>	<u>\$ 123,678</u>	<u>\$ 3,402,439</u>

Muncy School District
Notes to Financial Statements
June 30, 2022
(Continued)

Note 17. Joint Ventures & Transactions With Other LEAs

BLaST Intermediation Unit

The District is a member of BLaST Intermediate Unit 17 (“BLaST IU17” or “IU17”). Through this membership, the District is able to secure various special services, including special education. The District purchased special education and other contracted services through IU 17 of approximately \$715,000 for the year ended June 30, 2022. BLaST IU17 is the pass-through entity relative to the majority of the District’s federal IDEA funding. During the year ended June 30, 2022, the District received approximately \$230,000 in such funding which passed through IU17.

Lycoming Career & Technology Center

The District and other surrounding educational agencies created a jointly governed organization, the Lycoming Career and Technology Center (the "Center"), to provide vocational and technical education for students in participating school districts. The governing board of the Center is comprised of a director from each participating school district. For the year-ended June 30, 2022, the District paid approximately \$313,000 (including capital reserve contributions (\$6,000)) to the Center for District students to attend vocational and technical education courses that the Center provides. During the year-ended June 30, 2022, the Center remitted approximately \$64,000 of state vocational education subsidy funds received by the Center on the District’s behalf as well as approximately \$26,000 of the Center’s funds on hand in excess of the maximum balance per the Center’s joint operating agreement by and among the Center and its five member districts.

Note 18. Tax Abatements

During the fiscal year ended June 30, 2017, the District adopted GASB Statement No. 77 *Tax Abatements* (GASB No. 77). The following is a corresponding disclosure of the District’s applicable participation in various tax abatement programs:

Homestead Tax Exemption

The District enters into property tax abatement agreements with local residents under the state’s Taxpayer Relief Act, Act 1 of Special Session 1 of 2006 (The Taxpayer Relief Act). The Taxpayer Relief Act provides for property tax reduction allocations to be distributed by the Commonwealth to each school district. Property tax reduction will be through a “homestead or farmstead exclusion.” Generally, most owner-occupied homes and farms are eligible for property tax reduction. Only a primary residence is eligible for property tax relief. During the year ended June 30, 2022, the District abated and received corresponding funding from the Commonwealth property taxes levied in the amount of approximately \$332,000.

Muncy School District
Notes to Financial Statements
June 30, 2022
(Continued)

Keystone Opportunity Zones (KOZ)

The District has certain properties with active KOZ designations. However, there is no significant impact to the District's real estate tax receipts resulting from the KOZ program.

Other Tax Abatement Programs

The District does not have any property or other taxes abated under significant Commonwealth of Pennsylvania economic development programs such as the Local Economic Revitalization Tax Assistance (LERTA).

From time to time individuals or organizations may qualify for a tax abatement, such as for a disability, veteran status, or a combination of these and/or similar preferences. Such abatements are typically short in duration and are not significant individually or in the aggregate.

Note 19. New Accounting Pronouncement – Accounting for Leases

During the fiscal year ended June 30, 2022, the District adopted GASB Statement No. 87 *Leases* (GASB No. 87). The District has identified certain agreements within the scope of GASB No. 87. The agreements, which are primarily for copying, scanning, printing, mailing/postage, and other related document management equipment, cover supplies and maintenance as well as, in some cases, staff training and support activities (including timely replacement of any equipment found to be faulty) in addition to the initial equipment itself. District management has evaluated the commitments under the terms of the respective agreements to be immaterial individually, and in the aggregate, relative to the financial statements taken as a whole and in the context of the District's other long term, debt and debt service commitments. The District has not recognized a GASB No. 87 lease asset or liability relative to these immaterial items in the accompanying financial statements.

Note 20. Subsequent Events

Subsequent events have been evaluated through March 31, 2023, which is the date the financial statements were available to be issued. No reportable subsequent events were identified other than those accrued in the accompanying statement of net position and/or governmental funds balance sheet and the following:

Coronavirus – COVID-19 Pandemic

During March 2020, the pandemic outbreak of the COVID-19 strain of coronavirus resulted in the declaration of national and Commonwealth of Pennsylvania states of emergency. As a result, the Commonwealth's governor ordered all public school districts to close to students for an extended period in an effort to stem the transmission of the virus.

Muncy School District
Notes to Financial Statements
June 30, 2022

Coronavirus – COVID-19 Pandemic (continued)

The closure, re-opening, and related mitigation efforts and other, related circumstances have caused and may be assumed to continue to cause varying degrees of operational difficulties. While there is uncertainty as to the timing of the pandemic's end, the District continues to explore and has identified certain operational adaptations to allow for the continued delivery of educational and other services. Additionally, the District and most, if not all, other School Districts in the Commonwealth have received appropriations of significant federal and state grant funding in support of pandemic mitigation, re-opening, and operating efforts. Certain current year expenditures of those grant amounts, generally identified with "COVID-19" in the grant descriptions and identifier information, and other related information are summarized per Supplementary Information accompanying these financial statements and notes.

Muncy School District
Required Supplementary Information
June 30, 2022
(UNAUDITED)

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

Fiscal Year Ended	District's proportion of the net pension liability (asset)	District's proportionate share of the net pension liability (asset)	District's covered- employee Payroll	District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
June 30, 2022	0.0530%	\$ 21,760,000	\$ 7,581,427	287.02%	63.67%
June 30, 2021	0.0533%	\$ 26,244,000	\$ 7,278,875	360.55%	54.32%
June 30, 2020	0.0526%	\$ 24,608,000	\$ 7,249,972	335.45%	55.66%
June 30, 2019	0.0520%	\$ 24,963,000	\$ 7,006,757	352.72%	54.00%
June 30, 2018	0.0546%	\$ 26,966,000	\$ 7,263,348	378.63%	51.84%
June 30, 2017	0.0523%	\$ 25,918,000	\$ 6,773,960	382.61%	50.14%
June 30, 2016	0.0548%	\$ 23,737,000	\$ 7,053,293	336.54%	54.36%

This schedule is presented to fulfill the requirement, upon the adoption of GASB No. 68, to show certain pension related information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

The District adopted the provisions of GASB No. 68, for the year ended June 30, 2015 in accordance with accounting principles generally accepted in the United States of America. Therefore, information for years prior to 2015 is not available for reporting and is not presented.

Unaudited - Required Supplementary Information
See accompanying Independent Auditor's Report

Muncy School District
Required Supplementary Information
June 30, 2022
(UNAUDITED)

Schedule of the District's Pension Contributions

Fiscal Year Ended	Contractually required contribution	Contributions in relation to the contractually required	Contribution deficiency (excess)	District's covered- employee Payroll	Contributions as a percentage of covered-employee payroll
June 30, 2022	\$ 2,576,927	\$ 2,576,927	\$ -	\$ 7,581,427	33.99%
June 30, 2021	\$ 2,519,921	\$ 2,519,921	\$ -	\$ 7,479,729	33.69%
June 30, 2020	\$ 2,434,784	\$ 2,434,784	\$ -	\$ 7,278,875	33.36%
June 30, 2019	\$ 2,363,491	\$ 2,363,491	\$ -	\$ 7,249,972	32.60%
June 30, 2018	\$ 2,223,945	\$ 2,223,945	\$ -	\$ 7,006,757	31.74%
June 30, 2017	\$ 2,120,898	\$ 2,120,898	\$ -	\$ 7,263,348	29.20%
June 30, 2016	\$ 1,693,490	\$ 1,693,490	\$ -	\$ 6,773,960	25.00%
June 30, 2015	\$ 1,445,925	\$ 1,445,925	\$ -	\$ 7,053,293	20.50%

This schedule is presented to fulfill the requirement, upon the adoption of GASB No. 68, to show certain pension related information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

The District adopted the provisions of GASB No. 68, for the year ended June 30, 2015 in accordance with accounting principles generally accepted in the United States of America. Therefore, information for years prior to 2015 is not available for reporting and is not presented.

Unaudited - Required Supplementary Information
See accompanying Independent Auditor's Report

Muncy School District
Required Supplementary Information
June 30, 2022
(UNAUDITED)

Schedules of Changes in the District's Total OPEB Liability and Related Ratios
Montgomery Area School District Postemployment Benefits Plan

	Fiscal Year ending June 30,				
	2022	2021	2020	2019	2018
Total OPEB liability					
Service Cost	\$ 346,630	\$ 253,560	\$ 262,207	\$ 246,754	\$ 262,264
Interest	109,040	169,128	148,893	149,960	115,614
Changes of benefit terms	-	-	-	-	(773,363)
Differences between expected and actual experience	(583,813)	-	(10,203)	-	807,349
Changes of assumptions or other inputs	(141,062)	557,330	(129,367)	7,769	(39,724)
Benefit Payments	(237,218)	(252,669)	(193,847)	(239,101)	(172,790)
Net change in total OPEB liability	(506,423)	727,349	77,683	165,382	199,350
Total OPEB liability-beginning	5,644,234	4,916,885	4,839,202	4,673,820	4,474,470
Total OPEB liability-ending	5,137,811	5,644,234	4,916,885	4,839,202	4,673,820
Covered employee payroll	6,946,263	6,744,660	6,744,660	6,423,574	6,423,574
Total OPEB liability as a percentage of covered-employee payroll	74.0%	83.7%	72.9%	75.3%	72.8%

Notes to Schedule:

Presentation :

This schedule is presented using the optional format of combining the required schedules in paragraphs 170a and 170b of GASB No. 75.

Changes of Assumptions:

2021-2022:

The discount rate changed from 1.86% to 2.28%. The initial expected recognition period is 10 years.

This schedule is presented to fulfill the requirement, upon the adoption of GASB No. 75, to show certain pension related information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

The District adopted the provisions of GASB No. 75, for the year ended June 30, 2018 in accordance with accounting principles generally accepted in the United States of America. Therefore, information for years prior to 2018 is not available for reporting and is not presented.

Unaudited - Supplementary Information
 See accompanying Independent Auditor's Report

Muncy School District
Required Supplementary Information
June 30, 2022
(UNAUDITED)

Schedule of the District's Proportionate Share of the Net OPEB Liability
PSERS Health Insurance Premium Assistance Program

<u>Fiscal Year Ended</u>	District's proportion of the net OPEB liability (asset)	District's proportionate share of the net OPEB liability (asset)	District's covered- employee Payroll	District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
June 30, 2022	0.0528%	\$ 1,252,000	\$ 7,581,427	16.51%	5.30%
June 30, 2021	0.0532%	\$ 1,149,000	\$ 6,468,448	15.79%	5.69%
June 30, 2020	0.0526%	\$ 1,119,000	\$ 6,363,312	15.43%	5.56%
June 30, 2019	0.0520%	\$ 1,084,000	\$ 6,192,454	15.47%	5.56%
June 30, 2018	0.0546%	\$ 1,112,000	\$ 5,974,105	15.31%	5.73%

This schedule is presented to fulfill the requirement, upon the adoption of GASB No. 75, to show certain pension related information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

The District adopted the provisions of GASB No. 75, for the year ended June 30, 2018 in accordance with accounting principles generally accepted in the United States of America. Therefore, information for years prior to 2018 is not available for reporting and is not presented.

Unaudited - Supplementary Information
See accompanying Independent Auditor's Report

Muncy School District
 Required Supplementary Information
 June 30, 2022
 (UNAUDITED)

Schedule of the District's OPEB Contributions
PSERS Health Insurance Premium Assistance Program

Fiscal Year Ended	Contractually required contribution	Contributions in relation to the contractually required	Contribution deficiency (excess)	District's covered- employee Payroll	Contributions as a percentage of covered-employee payroll
June 30, 2022	\$ 60,651	\$ 60,651	\$ -	\$ 7,581,427	0.80%
June 30, 2021	\$ 61,334	\$ 61,334	\$ -	\$ 7,479,729	0.82%
June 30, 2020	\$ 61,143	\$ 61,143	\$ -	\$ 7,278,875	0.84%
June 30, 2019	\$ 60,175	\$ 60,175	\$ -	\$ 7,249,972	0.83%
June 30, 2018	\$ 58,156	\$ 58,156	\$ -	\$ 7,006,757	0.83%

This schedule is presented to fulfill the requirement, upon the adoption of GASB No. 75, to show certain pension related information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

The District adopted the provisions of GASB No. 75, for the year ended June 30, 2018 in accordance with accounting principles generally accepted in the United States of America. Therefore, information for years prior to 2018 is not available for reporting and is not presented.

Unaudited - Supplementary Information
 See accompanying Independent Auditor's Report

Richard B. Snodgrass & Co.

Audit, Tax, and Advisory
1117 Cemetery Road
Montoursville, Pennsylvania 17754

570-220-4990
FAX 570-433-4728
email-dsnodgrass@snodgrass-co.com

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

Board of Directors
Muncy School District
206 Sherman Street
Muncy, Pennsylvania 17756

We have audited, in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Muncy School District (the District) for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 31, 2023.

Report on Internal Control Over Financial Reporting

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Richard B. Snodgrass & Co.
Montoursville, Pennsylvania
March 31, 2023

Muncy School District
Schedule of Expenditures of Federal and State Awards

Year Ended June 30, 2022

Program Title	PAL Number	Funding Code	Grantor's Pass Thru Number	Grant Period Beginning/Ending Date	Source Code	Program or Award Amt.	Total Received For Year	Accrued or (Deferred) 7/1/2021	Revenue Recognized	Expenditures	Accrued or (Deferred) 6/30/2022	Passed thru to sub-recipients For year ended 6/30/2022
U.S. Department of Agriculture-												
Passed Through the Pennsylvania Department of Education:												
P-EBT Local Admin Funds	10.649	I	N/A	7/1/21-6/30/22	F	-	\$ 614	\$ -	\$ 614	\$ 614	\$ -	\$ -
Child Nutrition Cluster:												
COVID-19 National School Lunch-SSO	10.555	I	N/A	7/1/21-6/30/22	F	N/A	513,662	-	524,461	524,461	10,799	-
COVID-19 National School Lunch Supply Chain Assistance	10.555	I	N/A	7/1/21-6/30/22	F	N/A	23,024	-	6,665	6,665	(16,359)	-
COVID-19 National School Lunch SNP Emergency Operating Costs	10.555	I	N/A	7/1/21-6/30/22	F	N/A	22,956	-	22,956	22,956	-	-
COVID-19 National School Lunch-SSO	10.555	I	N/A	7/1/20-6/30/21	F	N/A	10,704	10,704	-	-	-	-
Total-National School Lunch Program							570,346	10,704	554,082	554,082	(5,560)	-
COVID-19 National Breakfast-SSO	10.553	I	N/A	7/1/21-6/30/22	F	N/A	102,865	-	107,296	107,296	4,431	-
COVID-19 National Breakfast-SSO	10.553	I	N/A	7/1/20-6/30/21	F	N/A	3,404	3,404	-	-	-	-
Total-National School Breakfast Program							106,269	3,404	107,296	107,296	4,431	-
Totals-Child Nutrition Cluster-Cash Assistance							676,615	14,108	661,378	661,378	(1,129)	-
Passed Through the Pennsylvania Department of Agriculture:												
National School Lunch Commodities	10.555	I	N/A	7/1/21-6/30/22	F	N/A	47,922	(12,157)	49,109	49,109	(10,970)	1.
Totals-Child Nutrition Cluster-Non-Cash Assistance							47,922	(12,157)	49,109	49,109	(10,970)	-
Totals-Nutrition Cluster							724,537	1,951	710,487	710,487	(12,099)	-
Total U.S. Department of Agriculture							\$ 724,537	\$ 1,951	\$ 711,101	\$ 711,101	\$ (12,099)	\$ -
Non-Federal Funds - Passed Through the Pennsylvania Department of Education:												
COVID-19 State Lunch Program-SSO	N/A	N/A	N/A	7/1/21-6/30/22	S	N/A	\$ 15,359	\$ -	\$ 15,676	\$ 15,676	\$ 317	\$ -
COVID-19 State Lunch Program-SSO	N/A	N/A	N/A	7/1/20-6/30/21	S	N/A	359	359	-	-	-	-
COVID-19 State Breakfast-SSO	N/A	N/A	N/A	7/1/21-6/30/22	S	N/A	4,033	-	4,203	4,203	170	-
COVID-19 State Breakfast-SSO	N/A	N/A	N/A	7/1/20-6/30/21	S	N/A	151	151	-	-	-	-
							19,902	510	19,879	19,879	487	-
U.S. Department of Education-												
Passed Through the Pennsylvania Department of Education:												
Title I	84.010	I	013-220275	7/1/21-9/30/23	F	\$ 275,563	\$ 165,502	\$ -	\$ 191,325	\$ 191,325	\$ 25,823	\$ -
Title I	84.010	I	013-210275	7/1/20-9/30/22	F	205,899	96,183	68,153	28,030	28,030	-	-
Total-Title I Program (PAL# 84.010)							261,685	68,153	219,355	219,355	25,823	-
Title IIA Improv Teacher	84.367	I	020-220275	7/1/21-9/30/22	F	42,981	18,834	-	24,856	24,856	6,022	-
Title IIA Improv Teacher	84.367	I	020-210275	7/1/20-9/30/21	F	36,098	7,331	(5,631)	12,962	12,962	-	-
Total-Title II Program (PAL# 84.367)							26,165	(5,631)	37,818	37,818	6,022	-
Title IV Student Support & Academic Enrichment Grants	84.424	I	144-220275	7/1/21-9/30/22	F	17,772	13,025	-	14,302	14,302	1,277	-
Title IV Student Support & Academic Enrichment Grants	84.424	I	144-210275	7/1/20-9/30/21	F	18,131	2,417	(3,761)	6,178	6,178	-	-
Total-Title IV Program (PAL# 84.424)							15,442	(3,761)	20,480	20,480	1,277	-

The accompanying notes are an integral part of this Schedule.

Muncy School District
Schedule of Expenditures of Federal and State Awards

Year Ended June 30, 2022
(Continued)

Program Title	PAL Number	Funding Code	Grantor's Pass Thru Number	Grant Period Beginning/Ending Date	Source Code	Program or Award Amt.	Total Received For Year	Accrued or (Deferred) 7/1/2021	Revenue Recognized	Expenditures	Accrued or (Deferred) 6/30/2022	Passed thru to sub-recipients For year ended 6/30/2022
COVID-19 Elementary and Secondary School Emergency Relief Fund II	84.425D	I	200-210275	3/13/20-9/30/23	F	872,671	284,125	49,415	374,694	374,694	139,984	-
COVID-19 American Rescue Plan (ARP) Elementary and Secondary School Emergency Relief Fund	84.425U	I	223-210275	3/13/20-9/30/24	F	1,765,161	128,375	39,824	549,845	549,845	461,294	-
COVID-19 American Rescue Plan (ARP) Elementary and Secondary School Emergency Relief Fund (7%)	84.425U	I	225-210275	3/13/20-9/30/24	F	137,192	9,978	-	-	-	(9,978)	-
Total-Education Stabilization Fund - ESSER/ARP/GEER (PAL# 84.425)							\$ 422,478	\$ 89,239	\$ 924,539	\$ 924,539	\$ 591,300	\$ -
Passed Through the Pennsylvania Department of Education:												
Special Education Cluster-												
COVID-19 IDEA B (SECIM)	84.027	I	252-200275	7/1/20-9/30/21	F	\$ 5,000	\$ 2,667	\$ (932)	\$ 3,599	\$ 3,599	\$ -	\$ -
Passed Through the Pennsylvania Department of Education:												
Passed Through BLaST Intermediate Unit #17:												
Special Education Cluster-												
IDEA B	84.027	I	H027X210093	7/1/20-9/30/22	F	\$ 186,797	\$ 325	\$ -	\$ 186,797	\$ 186,797	\$ 186,472	\$ -
IDEA B, Section 611 (ARP)	84.027X	I	H027X210093	7/1/20-9/30/22	F	41,916	-	-	41,916	41,916	41,916	-
IDEA B	84.027	I	062-20-0017	7/1/20-6/30/21	F	205,984	205,984	205,984	-	-	-	-
Total-IDEA B Program (PAL# 84.027)							206,309	205,984	228,713	228,713	228,388	-
IDEA B - Preschool	84.173	I	FA-131-200017	7/1/21-6/30/22	F	1,624	-	-	1,276	1,276	1,276	-
IDEA B - Preschool	84.173	I	FA-131-200017	7/1/20-6/30/21	F	348	348	348	-	-	-	-
Total-IDEA B Preschool Program (PAL# 84.173)							348	348	1,276	1,276	1,276	-
Totals-Special Education Cluster							209,324	205,400	233,588	233,588	229,664	-
Total U.S. Department of Education							\$ 935,094	\$ 353,400	\$ 1,435,780	\$ 1,435,780	\$ 854,086	\$ -
Totals							\$ 1,679,533	\$ 355,861	\$ 2,166,760	\$ 2,166,760	\$ 842,474	\$ -

NOTES:

- USDA donated commodities valued at USDA prices.
- None (\$0.00) of the District's expenditures of federal or state awards represent amounts passed through the District to sub-recipients.

Funding Codes:

- D = Direct Funding
- I = Indirect Funding

Source Codes:

- F = Federal Funding
- S = State Funding

The accompanying notes are an integral part of this Schedule.

Muncy School District
Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

A. Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (the Schedule) includes the federal and certain related state grant activity of the Muncy School District (the District). 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 District's operations, it is not intended to and does not present the District's financial position, changes in net assets/fund balance, or cash flows.

B. Summary of Significant Accounting Policies

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

C. USDA Donated Commodities

Deferred balances at the beginning and end of the fiscal year represent inventories of USDA donated commodities. Such commodity inventories are valued at USDA provided unit values.

D. Indirect Cost Rate

The accompanying Schedule does not include indirect costs related to the operation of the District's federal and related state grant programs. The District has utilized neither a federally negotiated rate nor the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance to capture and include any such indirect costs associated with federal awards.

E. Subrecipient Status

The District is a subrecipient of federal awards, does not function as a pass-through to other subrecipients, and \$0 of the District's grant awards have been passed-through.

Richard B. Snodgrass & Co.

Audit, Tax, and Advisory
1117 Cemetery Road
Montoursville, Pennsylvania 17754

570-220-4990
FAX 570-433-4728
email-dsnodgrass@snodgrass-co.com

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE *UNIFORM GUIDANCE***

Board of Directors
Muncy School District
206 Sherman Street
Muncy, Pennsylvania 17756

Report on Compliance for Each Major Federal Program

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

Opinion on Each Major Federal Program

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

We are required to be independent of the 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 opinion on compliance for each

major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Management's Responsibility for Compliance

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

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's 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 GAAS and *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 one 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 substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major program as a whole.

In performing an audit in accordance with GAAS and GAS and the *Uniform Guidance*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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 does not allow management or employees, in the normal course of performing their assigned functions, to prevent,

or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of control 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 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 Auditors Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as described 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, we do not express an opinion on the effectiveness of the District's internal control over compliance.

Purpose of this Report

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 result of that testing based on the requirements of the *Uniform Guidance*. Accordingly, this report is not suitable for any other purpose.



Richard B. Snodgrass & Co.
Montoursville, Pennsylvania
March 31, 2023

Muncy School District
 Single Audit Report
 Schedule of Findings and Questioned Costs

June 30, 2022

Section I Summary of Auditor's Results:

<i>Financial Statements</i>		
Type of report the auditor issued on whether the financial statements were prepared in accordance with GAAP:		
<i>The auditor's report on the basic financial statements is unmodified.</i>		
• Material weakness(es) identified?	___ Yes	<u>X</u> No
• Significant deficiency(ies) identified?	___ Yes	<u>X</u> No
Noncompliance material to financial statements noted?	___ Yes	<u>X</u> No
<i>Federal Awards</i>		
Internal control over major federal programs:		
• Material weakness(es) identified?	___ Yes	<u>X</u> No
• Significant deficiency(ies) identified?	___ Yes	<u>X</u> No
Type of auditors' report issued on compliance for major federal programs:		
<i>The auditor's report on compliance for major programs is unmodified.</i>		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___ Yes	<u>X</u> No
Identification of major federal programs:		
PAL Number(s):	Name of Federal Program or Cluster:	
CFDA 84.425D/U	Education Stabilization Fund	
Dollar threshold used to distinguish between type A and type B programs:	<u>\$750,000</u>	
Auditee qualified as low- risk auditee?	___ Yes	<u>X</u> No

See also the accompanying notes to this Schedule

Muncy School District
Single Audit Report
Schedule of Findings and Questioned Costs

June 30, 2022
(Continued)

Section II Financial Statement Findings

Financial statement Findings which are required to be reported under generally accepted government auditing standards:

There were **no** such findings/matters reported.

Section III Federal Award Findings and Questioned Costs:

There were **no** such findings/matters reported.

See also the accompanying notes to this Schedule

Muncy School District
Single Audit Report
Notes to the Schedule of Findings and Questioned Costs

June 30, 2022

A. Calculation of the 40%/20% Rule

Major programs were selected representing the following percentages of total Federal Expenditures:

Major Programs	%	Expenditures	Single Audit Treatment
Education Stabilization Fund ESSER/GEER/ARP	84.425	43.1% \$ 924,539	Type A-Major
Totals		43.1% \$ 924,539	
Other Programs		56.9% \$ 1,222,342	
Total Federal Expenditures		100.0% \$ 2,146,881	(Note B.)

B. Reconciliation of Total Federal Expenditures

Total Federal Expenditures per Note A above are total expenditures per the Schedule of Expenditures of Federal (and State) awards as follows:

Total Federal Expenditures are total expenditures per schedule of:	\$ 2,166,760
<i>less</i> State lunch reimbursements of:	\$ (15,676)
<i>less</i> State breakfast reimbursements of:	\$ (4,203)
	\$ 2,146,881

C. Selection of Major Programs

The selection of major programs was done utilizing a risk-based approach in accordance with Title 2 U.S. Code of Federal Regulations Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Based upon the applicable Type A vs. Type B program threshold of \$750,000 based upon Federal Expenditure level, the District has one (1) Type A program.

The Education Stabilization Fund (PAL# 84.425) has not been previously audited as a Type A major program and has been evaluated as non-low risk and has been identified as a major program. The District has no remaining Type A programs and, as such, no Type A programs evaluated as low risk.

Muncy School District
Single Audit Report
Schedule of Prior Findings and Questioned Costs

June 30, 2022

PRIOR FINDINGS – FINANCIAL STATEMENT AUDIT

Finding 2021-1 (Status – REMEDIATED)

Criteria (as per “Finding 2021-1” and “Finding 2020-1” (as previously reported):

The District’s internal controls should be designed to prevent or detect misstatements in the District’s accounts. Effective controls include comparison of subsidiary records to the balances in the District’s related assets and liabilities accounts. These subsidiary records could include cash reconciliations, listings of inventory, accounts receivable, accounts payable and other documents supporting asset and liability amounts. Effective controls also include periodic review of revenue and expense accounts, to determine if postings have been made correctly. These controls are especially important at year-end, when some entries that are not made on a routine monthly basis, are required.

Condition/Status: We found that these controls were implemented and the noted deficiency remediated for the noted “Finding 2021-1” for food service accounting activities.

We found that the corrective action implemented by the District to address “Finding 2021-1” was consistent with the corrective action recommended (as summarized above, by the predecessor auditor and with the District’s Response to “Finding 2021-1” when initially reported:

The District Business Office provided evidence that the District Office and, specifically, the District Accountant’s additional active role in providing oversight/monitoring of the Food Service manager’s reconciliation of the food service accounts as well as of the timely, accurate preparation of the food service bank account reconciliation and the timely adjusting of other food service accounts.

There are no other prior findings or questioned costs required to be reported under OMB A-133 (prior periods)/the Uniform Guidance.

Muncy School District
Financial Statements and
Supplementary Information
(With Independent Single Audit Reports Thereon)

June 30, 2022

LIST OF REPORT DISTRIBUTION

Filed Electronically to:

Bureau of Audits
Special Audit Services Division
Forum Place—8th Floor
555 Walnut Street
Harrisburg, PA 17101

Filed Electronically to:

Federal Audit Clearinghouse
Bureau of the Census
1201 E. 10th Street
Jeffersonville, IN 47132

Attention: Single Audit Clearing House

Filed Electronically to:

Municipal Securities Rulemaking Board
Electronic Municipal Market Access (EMMA system)
c/o EMMA Dataport
www.msrb.org

Muncy School District
Financial Statements and
Supplementary Information
(With Independent Single Audit Reports Thereon)

Lead Auditor Information

June 30, 2022

Lead Auditor:

David D. Snodgrass
Certified Public Accountant
Richard B. Snodgrass & Co.
1117 Cemetery Road
Montoursville, Pennsylvania 17754

Phone: (570) 220-4990
Fax: (570) 433-4728
E-mail: dsnodgrass@snodgrass-co.com

Licensing:

Richard B. Snodgrass & Co. is a Pennsylvania sole proprietorship which is owned and operated by David D. Snodgrass, CPA.

David D. Snodgrass, CPA, is licensed to do business in the Commonwealth of Pennsylvania (PA License No. CA-051085) where the District is located and where the accounting records are maintained.