

LINE MOUNTAIN SCHOOL DISTRICT

Herndon, Pennsylvania

A.U.N. No. 1-16-49-350-3

Financial Statements

For the Year Ended June 30, 2021

LINE MOUNTAIN SCHOOL DISTRICT

June 30, 2021

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LINE MOUNTAIN SCHOOL DISTRICT

June 30, 2021

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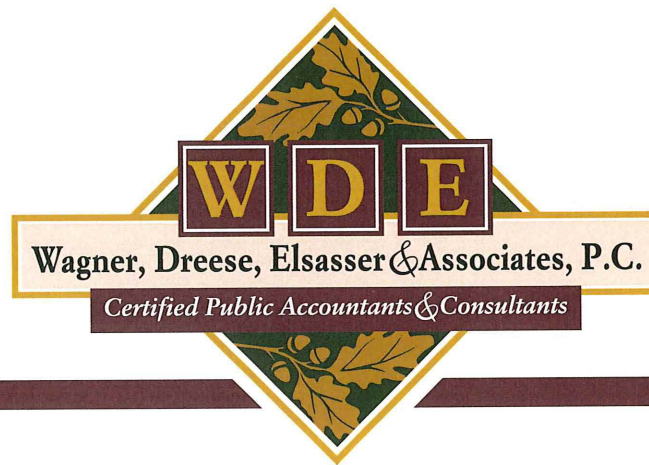
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INDEPENDENT AUDITOR'S REPORT

Members of the Board
Line Mountain School District
Herndon, PA

Report on 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 Line Mountain School District, Herndon, Pennsylvania as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 Line Mountain School District, Herndon, Pennsylvania as of June 30, 2021, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 19, the Schedule of the District's Proportionate share of Net Pension Liability (page 71), the Schedule of the District Contributions – Pension Plan (page 72), the Schedule of Changes in Net OPEB Liability – Single Employer Plan (page 73), the Schedule of the District's Proportionate Share of Net OPEB Liability – Cost Sharing Plan (page 74), and the Schedule of the District OPEB Contributions – Cost Sharing Plan (page 75) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

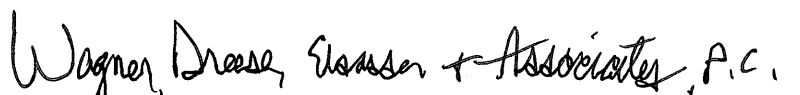
Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2022, on our consideration of Line Mountain School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Line Mountain School District's internal control over financial reporting and compliance.


WAGNER, DREESE, ELSASSER & ASSOCIATES, P.C.
Certified Public Accountants and Consultants
Selinsgrove, PA
April 15, 2022

LINE MOUNTAIN SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

Our discussion and analysis of the Line Mountain School District’s financial performance provides an overview of the financial activities for the fiscal year ended June 30, 2021. Please read it in conjunction with the financial statements, which follow this section.

The Management Discussion & Analysis (MD&A) is Required Supplementary Information as specified in the Governmental Accounting Standard Board’s (GASB) Statement No. 34 – Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments issued in June 1999. Certain comparative information between the current year (2020 – 2021) and the prior year (2019 – 2020) is required to be presented in the MD&A.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts, Management’s Discussion and Analysis, the Basic Financial Statements, and Supplemental Information. The Basic Financial Statements include two kinds of statements that present different views of the District.

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the District’s overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District’s operations in more detail than the district-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- Proprietary funds statements offer short and long-term financial information about the activities the District operates as a business, such as food service.
- The Basic Financial Statements also include Notes to Financial Statements, which explain some of the information in the statements and provides additional details.

LINE MOUNTAIN SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION & ANALYSIS – continued
FOR THE YEAR ENDED JUNE 30, 2021

District-wide Statements

The district-wide financial statements report information about the District as a whole using accounting methods that are similar to private-sector companies. The Statement of Net Position includes assets and liabilities. All of the current year’s revenues and expenses are included in the Statement of Activities regardless of when cash is received or paid.

The two district-wide statements report net position and how it has changed. Net position is the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources.

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

- Governmental activities – Basic services are included here, such as regular education, special education, transportation, and administration.
- Business-type activities – Fees are charged to help cover the costs of certain services. The District’s food service is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District’s funds, focusing on its most significant or “major” funds and not the District as a whole. A fund is a fiscal and accounting entity, with a self-balancing set of accounts recording cash and other resources, together with all related liabilities and residual equities or balances, or changes therein. Funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Each fund must be so accounted for that the identity of its resources, obligations, revenues, expenditures, and fund equities is continually maintained.

LINE MOUNTAIN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS – continued
FOR THE YEAR ENDED JUNE 30, 2021

The Line Mountain School District has two types of funds:

- Governmental funds – Most of the District's basic services are included in governmental funds, which generally focus on cash flows and year-end balances. These statements provide a detailed short-term view that helps to determine the available resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the long-term focus of the district-wide statements, we provide additional information with the governmental funds statements to explain the relationships between them.
- Proprietary funds – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported the same way as the district-wide financial statements.

LINE MOUNTAIN SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION & ANALYSIS – continued

FOR THE YEAR ENDED JUNE 30, 2021

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position – Combined net position was (\$8,836,191) on June 30, 2021. See Table A-1.

**Table A-1
Line Mountain School District
Net Position as of June 30, 2021 and 2020**

	Governmental Activities		Business-Type Activities		District Totals	
	2020	2021	2020	2021	2020	2021
Current and other assets	\$9,161,720	\$10,310,690	\$229,820	\$183,307	\$9,391,540	\$10,493,997
Capital assets	29,596,645	28,670,641	179,553	154,426	29,776,198	28,825,067
Total Assets	\$38,758,365	\$38,981,331	\$409,373	\$337,733	\$39,167,738	\$39,319,064
Deferred Outflows of Resources	4,180,335	4,329,607	0	0	4,180,335	4,329,607
Current liabilities	2,821,793	2,906,636	79,112	46,714	2,900,905	2,953,350
Non-current liabilities	48,223,651	48,127,321	325	338	48,223,976	48,127,659
Total Liabilities	\$51,045,444	\$51,033,957	\$79,437	\$47,052	\$51,124,881	\$51,081,009
Deferred Inflows of Resources	2,318,080	1,400,591	12,133	3,262	2,330,213	1,403,853
Invested in capital assets, net of related debt	7,276,645	7,448,077	179,553	154,426	7,456,198	7,602,503
Restricted net position	0	84,196	0	0	0	84,196
Unrestricted net position	(17,701,469)	(16,655,883)	138,250	132,993	(17,563,219)	(16,522,890)
Total Net Position	(\$10,424,824)	(\$9,123,610)	\$317,803	\$287,419	(\$10,107,021)	(\$8,836,191)

LINE MOUNTAIN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS – continued
FOR THE YEAR ENDED JUNE 30, 2021

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE - continued

Total Net Position – increased by \$1,301,214 for year ending June 30, 2021. See Table A-2

Table A-2
Line Mountain School District
Change in Net Position
Fiscal Years Ended June 30, 2021 and 2020

	Governmental Activities		Business-Type Activities		District Totals	
	2020	2021	2020	2021	2020	2021
Revenues						
Program Revenues						
Charges for services	\$26,682	\$1,479	\$209,864	\$72,646	\$236,546	\$74,125
Operating grants & contributions	5,070,171	5,632,167	380,756	471,234	5,450,927	6,103,401
Capital grants & contributions	0	0		0	0	0
General Revenues						
Property taxes	6,223,072	6,113,488			6,223,072	6,113,488
Other taxes	2,442,331	2,510,697			2,442,331	2,510,697
State formula aide	6,915,296	6,884,258			6,915,296	6,884,258
Investment earnings	158,391	95,812	4,402	1,133	162,793	96,945
Other	2,769	14,789	1,528	874	4,297	15,663
Sale of Fixed Assets	386	0			386	0
Total Revenues	\$20,839,098	\$21,252,690	\$596,550	\$545,887	\$21,435,648	\$21,798,577
Expenses						
Instruction	\$10,944,890	\$11,910,486			\$10,944,890	\$11,910,486
Instructional student support	1,244,988	1,363,036			1,244,988	1,363,036
Administration	2,314,906	2,172,947			2,314,906	2,172,947
Operation & maintenance of facilities	1,521,455	1,640,376			1,521,455	1,640,376
Pupil transportation	2,034,495	1,974,510			2,034,495	1,974,510
Student activities	430,500	444,300			430,500	444,300
Scholarships & Awards	0	9,644			0	9,644
Capital outlay	34,423	15,200			34,423	15,200
Interest on long-term debt	688,414	540,168			688,414	540,168
Food service			647,646	576,271	647,646	576,271
Total Expenses	\$19,214,071	\$20,070,667	\$647,646	\$576,271	\$19,861,717	\$20,646,938
Addition of other governmental funds	0	89,291	0	0	0	89,291
Prior period adjustment	0	29,900	0	0	0	29,900
Increase in Net Position	\$1,625,027	\$1,301,214	(\$51,096)	(\$30,384)	\$1,573,931	\$1,270,830

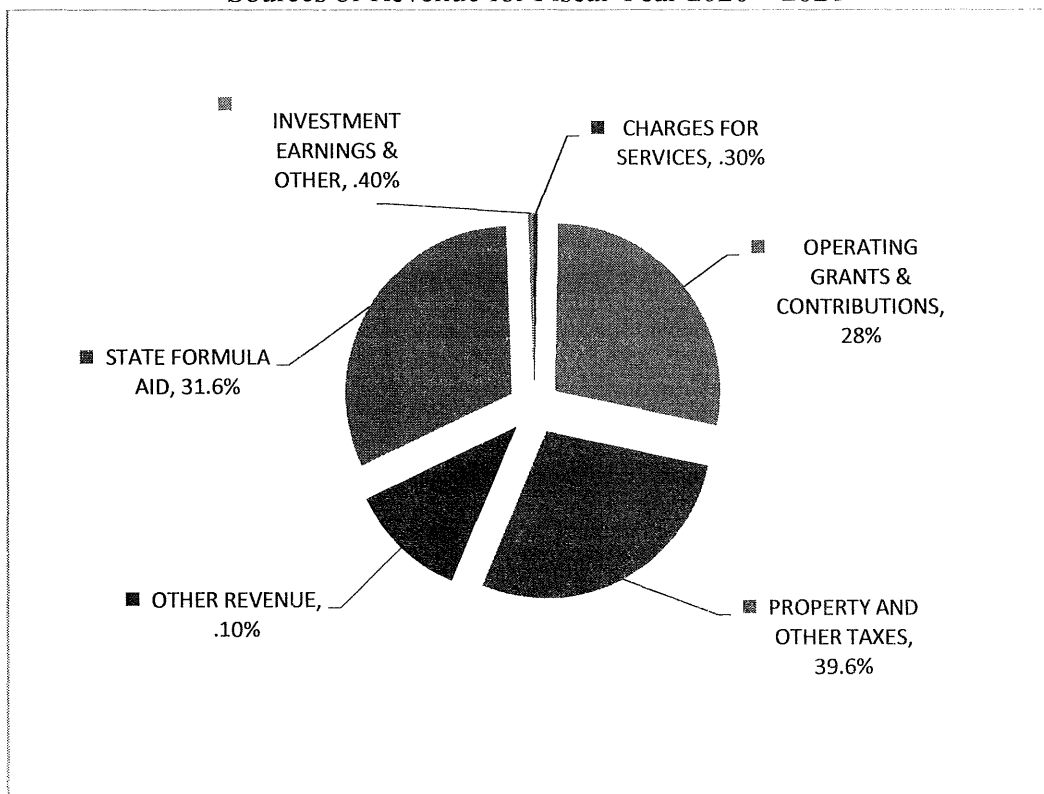
LINE MOUNTAIN SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION & ANALYSIS – continued
FOR THE YEAR ENDED JUNE 30, 2021

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE - continued

Revenues – The District’s total revenues were \$21,798,577 for the year ended June 30, 2021. See Table A-2. Taxes and State Formula Aid made up 71.20% of total revenue for the year. Another 28% came from state and federal aid for specific programs (operating and capital grants) and the remainder from fees charged for services as well as other sources. See Figure A-1.

- Users of District programs paid \$74,125
- The federal and state governments subsidized certain programs with grants and contributions totaling \$6,103,401
- District taxpayers paid \$8,624,185
- State taxpayers paid \$6,884,258
- Investment earnings were \$96,945
- Other revenue totaled \$15,663

Figure A-1
Sources of Revenue for Fiscal Year 2020 – 2021



LINE MOUNTAIN SCHOOL DISTRICT

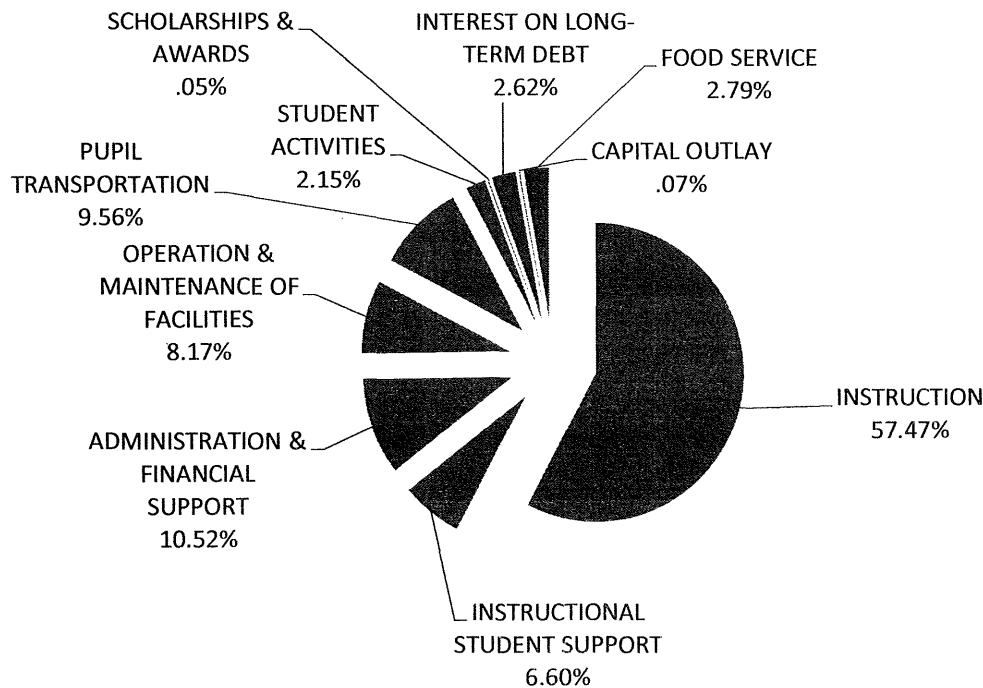
MANAGEMENT'S DISCUSSION & ANALYSIS – continued

FOR THE YEAR ENDED JUNE 30, 2021

Expenditures - The total cost of all programs and services was \$20,646,938. Instruction related expenses (Instruction, Instructional student support, Pupil transportation, Scholarships and awards, and Student activities) accounted for 76% of the expenses. The remainder of the expenses were Administrative costs of 11%, Operation of facilities of 8%, Food service of 3%, and Other costs at 2%.

- Instruction related expenses were \$15,701,976.
- Administration and financial support expenses were \$2,172,947.
- The cost of operating and maintaining the facilities was \$1,640,376.
- Food service operations cost \$576,271.
- Interest on long-term debt obligations was \$540,168.
- Capital Outlay cost \$15,200.

Figure A-2
Expenditures for Fiscal Year 2020 – 2021



LINE MOUNTAIN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS – continued
FOR THE YEAR ENDED JUNE 30, 2021

Table A-3
Line Mountain School District
Net Cost of Governmental Activities

	Total Cost of Services		Percent	Net Cost of Services		Percent
	2020	2021	Change	2020	2021	Change
Instruction	\$10,944,890	\$11,910,486	8.82%	\$8,162,796	\$8,622,666	5.63%
Instructional student support	1,244,988	1,363,036	9.48%	1,089,129	1,202,028	10.37%
Administrative & financial support	2,314,906	2,172,947	-6.13%	2,139,968	1,990,661	-6.98%
Operation & maintenance of facilities	1,521,455	1,640,376	7.82%	1,341,769	1,453,143	8.30%
Pupil transportation	2,034,495	1,974,510	-2.95%	256,901	223,683	-9.04%
Student activities	430,500	444,300	3.21%	403,818	439,322	8.79%
Scholarships & Awards	0	9,644	100.00%	0	(49,850)	100.00%
Capital Outlay	34,423	15,200	-55.84%	34,423	15,200	-55.84%
Interest on long-term debt	688,414	540,168	-21.53%	688,414	540,168	-21.53%
Food service	647,646	576,271	-11.02%	57,026	32,391	-43.20%
Total expenses	\$19,861,717	\$20,646,938	3.95%	\$14,174,244	\$14,469,412	2.08%

The District's governmental funds reported a combined fund balance of \$8,298,511 which is a net increase of \$1,072,746 from the prior year. The schedule below summarizes the fund balances and the total changes in fund balances as of June 30, 2020 and June 30, 2021.

LINE MOUNTAIN SCHOOL DISTRICT
GOVERNMENTAL FUNDS

	Year Ended June 30, 2020	Year Ended June 30, 2021	Increase (Decrease)	Percent of Change
General Fund Restricted	0	84,196	\$84,196	100.00%
General Fund Committed	\$2,386,766	\$4,118,936	\$1,732,170	72.57%
General Fund Unreserved	3,840,987	3,140,362	(\$700,625)	-18.24%
Capital Improvements Assigned	998,012	955,017	(42,995)	-4.31%
Total Governmental Funds	7,225,765	8,298,511	1,072,746	12.93%

LINE MOUNTAIN SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION & ANALYSIS – continued
FOR THE YEAR ENDED JUNE 30, 2021

GENERAL FUND

The following schedule provides a summary of General Fund revenues and Other Finance Sources.

	Year Ended June 30, 2020	Year Ended June 30, 2021	Increase (Decrease)	Percent of Change
Local sources				
Taxes	\$8,260,951	\$8,400,276	\$139,325	1.69%
Interest	142,157	93,984	(48,173)	-33.89%
Other	239,573	219,549	(20,024)	-8.36%
State sources	11,546,236	11,566,329	20,093	0.17%
Federal sources	439,231	887,103	447,872	101.97%
Total Revenue	20,628,148	21,167,241	539,093	2.61%
Other sources-net	8,745,776	0	(8,745,776)	-100.00%
Total Revenue and Other Sources	\$29,373,924	\$21,167,241	-\$8,206,683	-27.94%

Total General Fund revenue, exclusive of Other Sources-net, increased by \$539,093 or 2.61% from the previous year. Tax collections increased \$139,325 – increase of 1.69% from the previous year. Interest income decreased by \$48,173. Other, decreased by \$20,024.

The increase in federal funding \$447,872 is attributable to multiple grant awards from the federal government due to the Covid-19 Pandemic.

Other sources-net decreased due to no refinancing of bonds in year 20-21.

LINE MOUNTAIN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS – continued
FOR THE YEAR ENDED JUNE 30, 2021

GENERAL FUND – continued

The following schedule provides a summary of General Fund expenditures.

	Year Ended June 30, 2020	Year Ended June 30, 2021	Increase (Decrease)	Percent of Change
Salaries	\$7,463,565	\$7,487,189	23,624	0.32%
Employee benefits	5,383,997	5,331,028	(52,969)	-0.98%
Purchased services	4,254,555	4,538,001	283,446	6.66%
Supplies	483,800	625,077	141,277	29.20%
Property	203,910	352,414	148,504	72.83%
Bond Principal and Interest	9,134,659	1,831,013	(7,303,646)	-79.96%
Refinancing of Bond	1,255,450	0	(1,255,450)	-100.00%
Interfund Transfers Out	1,528	874	(654)	-42.80%
Total Expenditures	\$28,181,464	\$20,165,596	-\$8,015,868	-28.44%

Total General Fund expenditures decreased by \$8,015,868 from the previous year. Salaries increased by \$23,624 or 0.32%. Employee benefits decreased \$52,969 or -0.98% due to several retirements. Purchased service cost (transportation, heating, tuition payments and special education) increased by \$283,446 due to the rise in charter school attendance. Instructional and maintenance supplies increased by \$141,277. Property increased by a total of \$148,504. Bond principal and interest payments decreased by \$7,303,646. Refinancing of bond decreased by \$1,255,450.

LINE MOUNTAIN SCHOOL DISTRICT

MANAGEMENT’S DISCUSSION & ANALYSIS – continued

FOR THE YEAR ENDED JUNE 30, 2021

General Fund – continued

General Fund Budget

Over the course of the year, the District reviews expenditures and makes appropriate adjustments to cover unexpected expenditures in the annual operating budget due to increases in appropriations of significant budgeted costs.

CAPITAL ASSETS

The District has invested \$51,537,017 in a broad range of capital assets, including land, buildings, athletic facilities, furniture, computers, and audio-visual equipment. Accumulated depreciation on these assets was \$22,711,950 at June 30, 2021. Depreciation expense for the year was \$1,188,960.

Current year purchases of capital assets totaled \$354,003 and disposals totaled \$116,174. Detailed information concerning capital assets can be found in Notes to Financial Statements, Note 6.

**Table 4-A
LINE MOUNTAIN SCHOOL DISTRICT
CAPITAL ASSETS**

	Year Ended June 30, 2020	Year Ended June 30, 2021	Increase (Decrease)	Percent of Change
Governmental Activities:				
Land	\$410,066	\$410,066	0	0.00%
Buildings and Improvements	42,701,333	42,711,468	10,135	0.02%
Less Accumulated Depr.	(14,651,005)	(15,674,535)	(1,023,530)	6.99%
Furniture and Equipment	7,650,291	7,877,985	227,694	2.98%
Less Accumulated Depr.	(6,514,040)	(6,654,343)	(140,303)	2.15%
Construction in Process	0	0	0	0.00%
Governmental Activities (Net)	\$29,596,645	\$28,670,641	(926,004)	-3.13%
Business-type Activities:				
Furniture and Equipment	\$537,498	\$537,498	0	0.00%
Less Accumulated Depr.	(357,945)	(383,072)	(25,127)	7.02%
Business-type Activities (Net)	\$179,553	\$154,426	(25,127)	-13.99%

LINE MOUNTAIN SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION & ANALYSIS – continued
FOR THE YEAR ENDED JUNE 30, 2021

LONG-TERM LIABILITIES

At year-end, the District had \$21,351,745 in general obligation bonds and \$2,259,576 of accrued compensated absences plus Post-Employment Benefits and 25,801,000 Net Pension Liability. See Notes to Financial Statements, Note 8, and Table A-5.

Table A-5
Outstanding Long-term Liabilities

	Year Ended June 30, 2020	Year Ended June 30, 2021	Increase (Decrease)	Percent of Change
General Obligation Bonds	\$22,625,311	\$21,351,745	(\$1,273,566)	-6.20%
Accumulated Compensated Absences	339,424	343,622	4,198	1.24%
Post-Employment Benefits	1,807,916	1,915,954	108,038	5.98%
Net Pension Liability	24,701,000	25,801,000	1,100,000	4.45%
Total	\$49,473,651	\$49,412,321	(\$61,330)	-0.39%

FACTORS INFLUENCING THE DISTRICT’S FINANCIAL FUTURE

There are several major factors that will have a significant influence on the District’s financial future. During the 2007-08 fiscal year, Act 1 of 2006 was passed which limits future real estate tax increases to an inflation factor each year. The District plans to raise real estate taxes to the Act 1 index amount in order to cover decreasing state funding and future renovation projects.

The Public School Employee’s Retirement System funding crisis will have an impact on future fiscal years. Current projections of state subsidies reflect significant decreases that will adversely affect the educational process statewide. Line Mountain is preparing for this by reviewing all expenditures for upcoming fiscal years. Health Care with Highmark Blue Shield anticipates an overall increase between 5 to 15 percent.

LINE MOUNTAIN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS – continued
FOR THE YEAR ENDED JUNE 30, 2021

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions concerning this report, or require any additional financial information, please contact the Line Mountain School District, Business Office, 185 Line Mountain Road, Herndon, PA 17830.

LINE MOUNTAIN SCHOOL DISTRICT

Statement of Net Position

June 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 7,126,924	\$ 5,573	\$ 7,132,497
Investments	1,906,792	169,470	2,076,262
Taxes Receivable, Net	839,278	-	839,278
Intergovernmental Receivables	268,810	3,502	272,312
Other Receivables	32,965	-	32,965
Inventories	-	3,262	3,262
Prepaid Expenses	135,921	1,500	137,421
Total Current Assets	10,310,690	183,307	10,493,997
Noncurrent Assets:			
Land	410,066	-	410,066
Building and Building Improvements, Net	27,036,933	-	27,036,933
Furniture and Equipment, Net	1,223,642	154,426	1,378,068
Total Noncurrent Assets	28,670,641	154,426	28,825,067
TOTAL ASSETS	38,981,331	337,733	39,319,064
DEFERRED OUTFLOWS OF RESOURCES			
Contributions to Pension Plan in Current Year	2,470,672	-	2,470,672
Contributions to OPEB Plan in Current Year	60,458	-	60,458
Pension Deferral	1,447,946	-	1,447,946
Postemployment Benefit Deferral	221,350	-	221,350
Deferred Loss on Refinancing	129,181	-	129,181
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,329,607	-	4,329,607
LIABILITIES			
Current Liabilities			
Accounts Payable	121,105	18,808	139,913
Accrued Salaries and Benefits	1,336,671	14,672	1,351,343
Other Current Liabilities	163,860	13,234	177,094
Current Portion of Long-Term Debt	1,285,000	-	1,285,000
Total Current Liabilities	2,906,636	46,714	2,953,350
Noncurrent Liabilities			
Bonds Payable-Net of Current Portion	20,066,745	-	20,066,745
Compensated Absences	343,622	338	343,960
Other Postemployment Benefits	1,915,954	-	1,915,954
Net Pension Liability	25,801,000	-	25,801,000
Total Noncurrent Liabilities	48,127,321	338	48,127,659
TOTAL LIABILITIES	51,033,957	47,052	51,081,009
DEFERRED INFLOWS OF RESOURCES			
Pension Deferral	1,228,054	-	1,228,054
OPEB Deferral	172,537	-	172,537
Deferred Donated Commodities	-	3,262	3,262
TOTAL DEFERRED INFLOWS OF RESOURCES	1,400,591	3,262	1,403,853
NET POSITION			
Net Investment in Capital Assets	7,448,077	154,426	7,602,503
Restricted	84,196	-	84,196
Unrestricted	(16,655,883)	132,993	(16,522,890)
TOTAL NET POSITION	\$ (9,123,610)	\$ 287,419	\$ (8,836,191)

The accompanying notes are an integral part of these financial statements

LINE MOUNTAIN SCHOOL DISTRICT

Statement of Activities

June 30, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>PROGRAM REVENUE</u>			<u>NET REVENUE (EXPENSE) AND CHANGES IN NET POSITION</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental activities							
Instruction	\$ 11,910,486	\$ -	\$ 3,287,820	\$ -	\$ (8,622,666)	\$ -	\$ (8,622,666)
Instructional Student Support	1,363,036	-	161,008	-	(1,202,028)	-	(1,202,028)
Admin. & Financial Support Services	2,172,947	-	182,286	-	(1,990,661)	-	(1,990,661)
Operation & Maintenance of Facilities	1,640,376	-	187,233	-	(1,453,143)	-	(1,453,143)
Pupil Transportation	1,974,510	-	1,750,827	-	(223,683)	-	(223,683)
Student Activities	444,300	1,479	3,499	-	(439,322)	-	(439,322)
Scholarships & Awards	9,644	-	59,494	-	49,850	-	49,850
Capital Outlay	15,200	-	-	-	(15,200)	-	(15,200)
Interest & Fees on Long-Term debt	540,168	-	-	-	(540,168)	-	(540,168)
Total Governmental Activities	<u>20,070,667</u>	<u>1,479</u>	<u>5,632,167</u>	<u>-</u>	<u>(14,437,021)</u>	<u>-</u>	<u>(14,437,021)</u>
Business-type activities:							
Food Service	576,271	72,646	471,234	-	-	(32,391)	(32,391)
Total Primary Government	<u>\$ 20,646,938</u>	<u>\$ 74,125</u>	<u>\$ 6,103,401</u>	<u>\$ -</u>	<u>(14,437,021)</u>	<u>(32,391)</u>	<u>\$ (14,469,412)</u>
General revenues:							
Transfers					(874)	874	-
Taxes:							
Property taxes, levied for general purposes					6,113,488	-	6,113,488
Earned Income Tax-net					977,608	-	977,608
Taxes levied for specific purposes					1,533,089	-	1,533,089
Grants, subsidies, & contributions not restricted					6,884,258	-	6,884,258
Investment Earnings					95,812	1,133	96,945
Miscellaneous Income					15,663	-	15,663
Total general revenues, special items, extraordinary items and transfers					<u>15,619,044</u>	<u>2,007</u>	<u>15,621,051</u>
Change in Net Position					1,182,023	(30,384)	1,151,639
NET POSITION - BEGINNING - Restated					(10,335,533)	317,803	(10,017,730)
PRIOR PERIOD ADJUSTMENT					29,900	-	29,900
NET POSITION - ENDING					<u>\$ (9,123,610)</u>	<u>\$ 287,419</u>	<u>\$ (8,836,191)</u>

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

LINE MOUNTAIN SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2021

	General Fund	Capital Projects Funds	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 7,042,728	\$ -	\$ 84,196	\$ 7,126,924
Investments	951,775	955,017	-	1,906,792
Taxes Receivable, Net	839,278	-	-	839,278
Intergovernmental Receivables	268,810	-	-	268,810
Other Receivables	32,965	-	-	32,965
Prepaid Expenses	135,921	-	-	135,921
TOTAL ASSETS	\$ 9,271,477	\$ 955,017	\$ 84,196	\$ 10,310,690
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
<u>Liabilities:</u>				
Accounts Payable	\$ 121,105	\$ -	\$ -	\$ 121,105
Accrued Salaries and Benefits	1,336,671	-	-	1,336,671
Taxes Held in Escrow	30,023	-	-	30,023
Total Liabilities	1,487,799	-	-	1,487,799
<u>Deferred Inflows of Resources:</u>				
Deferred Revenue	8,861	-	-	8,861
Deferred Revenue - Property Taxes	515,519	-	-	515,519
Total Deferred Inflows of Resources	524,380	-	-	524,380
<u>Fund Balances:</u>				
Restricted	-	-	84,196	84,196
Committed	4,118,936	-	-	4,118,936
Assigned	-	955,017	-	955,017
Unassigned	3,140,362	-	-	3,140,362
Total Fund Balances	7,259,298	955,017	84,196	8,298,511
TOTAL LIABILITES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 9,271,477	\$ 955,017	\$ 84,196	\$ 10,310,690

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

LINE MOUNTAIN SCHOOL DISTRICT
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Position
 June 30, 2021

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 8,298,511

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 capital assets is \$50,999,519, and the accumulated depreciation is \$22,328,878. 28,670,641

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

Bonds payable	(21,351,745)	
Compensated absences	(343,622)	
Postemployment Benefits	(1,915,954)	
Net Pension Liability	(25,801,000)	(49,412,321)

Taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore, are deferred in the funds. 524,380

Governmental funds do not report a liability for accrued interest until due and payable. (133,837)

Contributions to the pension plan and pension deferrals and deferred loss on refunding are deferred outflows of resources on the statement of net position but are not reported in the governmental funds. 4,047,799

Contributions to other postemployment benefit plans and deferrals are deferred outflows of resources on the statement of net position but are not reported in the governmental funds. 281,808

Pension deferrals are deferred inflows of resources on the statement of net position but are not reported in the governmental funds. (1,228,054)

OPEB deferrals are deferred inflows of resources on the statement of net position but are not reported in the governmental funds. (172,537)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ (9,123,610)

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

LINE MOUNTAIN SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2021

	General Fund	Capital Projects Funds	Other Governmental Funds	Total Governmental Funds
REVENUES				
Local Revenues	\$ 8,713,809	\$ 1,013	\$ 63,809	\$ 8,778,631
State Program Revenues	11,566,329	-	-	11,566,329
Federal Program Revenues	887,103	-	-	887,103
Total Revenues	<u>21,167,241</u>	<u>1,013</u>	<u>63,809</u>	<u>21,232,063</u>
EXPENDITURES				
Instruction	11,290,918	-	-	11,290,918
Support Services	6,691,189	28,808	-	6,719,997
Operation of Non-Instruction Services	373,939	-	68,904	442,843
Capital Outlay	-	15,200	-	15,200
Debt Service (Principal & Interest)	1,808,676	-	-	1,808,676
Total Expenditures	<u>20,164,722</u>	<u>44,008</u>	<u>68,904</u>	<u>20,277,634</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,002,519</u>	<u>(42,995)</u>	<u>(5,095)</u>	<u>954,429</u>
OTHER FINANCING SOURCES (USES)				
Fund Transfers	(874)	-	-	(874)
Total Other Financing Sources (Uses)	<u>(874)</u>	<u>-</u>	<u>-</u>	<u>(874)</u>
NET CHANGES IN FUND BALANCE	1,001,645	(42,995)	(5,095)	953,555
FUND BALANCE - JULY 1, 2020 - Restated	6,227,753	998,012	89,291	7,315,056
PRIOR PERIOD ADJUSTMENT	<u>29,900</u>	<u>-</u>	<u>-</u>	<u>29,900</u>
FUND BALANCE - JUNE 30, 2021	<u>\$ 7,259,298</u>	<u>\$ 955,017</u>	<u>\$ 84,196</u>	<u>\$ 8,298,511</u>

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

LINE MOUNTAIN SCHOOL DISTRICT
 Reconciliation of the Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balances
 to the Statement of Activities
 For the Year Ended June 30, 2021

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 953,555
Governmental funds report capital outlays as expenditures. In the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the current period.	(926,004)
The issuance of long-term debt provides current financial resources to governmental fund, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. this amount is the net effect on these differences in the treatment of long-term debt and related items.	
Principal Repayments	1,250,000
In the Statement of Activities, interest is accrued on outstanding bonds, whereas, in governmental funds, an interest expenditure is reported when due.	4,879
Because some taxes and other revenues will not be collected for several months after the District's year-end, they are not considered as available revenues in the governmental funds.	21,502
Deferred loss on bond refunding and original issue premiums are capitalized and amortized.	13,629
Changes in the proportionate share of collective net pension liability does not require the use of or provide current financial resources and is not reported in the governmental funds.	(108,593)
Postemployment Benefit Expense.	(22,747)
Change in Compensated Absences.	(4,198)
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES	<u><u>\$ 1,182,023</u></u>

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

LINE MOUNTAIN SCHOOL DISTRICT
Statement of Revenues, Expenditures and
Changes in Fund Balances, Budget and Actual
General Fund
For the Year Ended June 30, 2021

	<u>GENERAL FUND</u>			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	<u>Original</u>	<u>Final</u>	(Budgetary Basis)	
REVENUES				
Local Revenues	\$ 8,460,951	\$ 8,460,951	\$ 8,713,809	\$ 252,858
State Revenues	11,361,861	11,361,861	11,566,329	204,468
Federal Revenues	330,073	330,073	887,103	557,030
Total Revenues	<u>20,152,885</u>	<u>20,152,885</u>	<u>21,167,241</u>	<u>1,014,356</u>
EXPENDITURES				
Regular Programs	7,988,479	8,002,979	8,298,961	(295,982)
Special Programs	2,673,605	2,673,605	2,652,960	20,645
Vocational Programs	382,762	382,762	313,868	68,894
Other Instructional Programs	164,565	164,565	25,130	139,435
Pupil Personnel Services	772,094	757,092	829,528	(72,436)
Instructional Staff Services	323,056	323,056	303,934	19,122
Administrative Services	1,441,169	1,421,018	1,347,973	73,045
Pupil Health	157,803	157,802	140,722	17,080
Business Services	409,324	409,826	393,716	16,110
Operation and Maintenance of Plant Services	1,537,776	1,537,776	1,537,866	(90)
Student Transportation Services	1,920,627	1,920,628	1,845,799	74,829
Central and Other Support Services	288,678	308,829	291,650	17,179
Student Activities	491,694	491,694	373,939	117,755
Debt Services (Principal and Interest)	1,828,196	1,828,196	1,808,676	19,520
Total Expenditures	<u>20,379,828</u>	<u>20,379,828</u>	<u>20,164,722</u>	<u>215,106</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(226,943)</u>	<u>(226,943)</u>	<u>1,002,519</u>	<u>1,229,462</u>

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

LINE MOUNTAIN SCHOOL DISTRICT
Statement of Revenues, Expenditures and
Changes in Fund Balances, Budget and Actual
General Fund - continued
For the Year Ended June 30, 2021

GENERAL FUND

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Net Fund Transfers	-	-	(874)	(874)
Total Other Financing Sources (Uses)	-	-	(874)	(874)
NET CHANGE IN FUND BALANCE	(310,664)	(310,664)	1,001,645	1,312,309
FUND BALANCE - JULY 1, 2020	6,227,753	6,227,753	6,227,753	-
PRIOR PERIOD ADJUSTMENT	-	-	29,900	-
FUND BALANCE - JUNE 30, 2021	<u>\$ 5,917,089</u>	<u>\$ 5,917,089</u>	<u>\$ 7,259,298</u>	<u>\$ 1,312,309</u>

The School District does not formally adopt a budget for its Special Revenue Funds.

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

LINE MOUNTAIN SCHOOL DISTRICT
Statement of Net Position
Proprietary Fund
June 30, 2021

	<u>Enterprise Fund Food Service</u>
ASSETS	
<u>Current Assets</u>	
Cash	\$ 5,573
Investments	169,470
Intergovernmental Receivables	3,502
Prepaid Expenses	1,500
Inventories	3,262
Total Current Assets	<u>183,307</u>
<u>Noncurrent Assets</u>	
Furniture and Equipment, Net	154,426
Total Noncurrent Assets	<u>154,426</u>
Total Assets	<u>337,733</u>
LIABILITIES	
<u>Current Liabilities</u>	
Accounts Payable	18,808
Accrued Salaries and Benefits	14,672
Other Current Liabilities	13,234
Total Current Liabilities	<u>46,714</u>
<u>Noncurrent Liabilities</u>	
Compensated Absences	338
Total Noncurrent Liabilities	<u>338</u>
Total Liabilities	<u>47,052</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Donated Commodities	3,262
Total Deferred Inflows of Resources	<u>3,262</u>
TOTAL ASSETS LESS LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u><u>\$ 287,419</u></u>
NET POSITION	
Net Investment in Capital Assets	\$ 154,426
Unrestricted	<u>132,993</u>
TOTAL NET POSITION	<u><u>\$ 287,419</u></u>

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

LINE MOUNTAIN SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2021

	<u>Enterprise Fund Food Service</u>
OPERATING REVENUES	
Food Service Revenue	\$ 72,633
Other Operating Revenue	13
Total Operating Revenues	<u>72,646</u>
OPERATING EXPENSES	
Salaries	136,695
Employee Benefits	80,763
Equipment Repairs and Maintenance	16,333
Other Purchased Service	281,183
Supplies	36,171
Depreciation Expense	25,126
Total Operating Expenses	<u>576,271</u>
OPERATING LOSS	<u>(503,625)</u>
NONOPERATING REVENUES (EXPENSES)	
Transfer from General Fund	874
Earnings on Investments	1,133
State Sources	44,037
Federal Sources	427,197
Total Nonoperating Revenues (Expenses)	<u>473,241</u>
CHANGES IN NET POSITION	(30,384)
TOTAL NET POSITION - JULY 1, 2020	<u>317,803</u>
TOTAL NET POSITION - JUNE 30, 2021	<u><u>\$ 287,419</u></u>

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

LINE MOUNTAIN SCHOOL DISTRICT

Statements of Cash Flows

Proprietary Fund

For the Year Ended June 30, 2021

	Enterprise Fund <u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Users	\$ 95,288
Cash Payments to Employees for Services	(217,824)
Cash Payments to Suppliers for Goods and Services	<u>(365,706)</u>
Net Cash Used for Operating Activities	<u>(488,242)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer from General Fund	874
State Sources	44,037
Federal Sources	<u>427,197</u>
Net Cash Provided by Noncapital Financing Activities	<u>472,108</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Sale (Purchase) of Investments	18,014
Earnings on Investments	<u>1,133</u>
Net Cash Provided by Investing Activities	<u>19,147</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	3,013
 CASH AND CASH EQUIVALENTS - Beginning of Year	<u>2,560</u>
 CASH AND CASH EQUIVALENTS - End of Year	<u><u>\$ 5,573</u></u>

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

LINE MOUNTAIN SCHOOL DISTRICT

Statements of Cash Flows - continued

Proprietary Funds

For the Year Ended June 30, 2021

	Enterprise Fund <u>Food Service</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES	<u>\$ (503,625)</u>
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES	
Depreciation Expense	25,126
(Increase) Decrease in Other Receivable	22,642
(Increase) Decrease in Inventories	8,871
Increase (Decrease) in Accounts Payable	(28,580)
Increase (Decrease) in Accrued Salaries/Benefits	(379)
Increase (Decrease) in Other Liabilities	(3,439)
Increase (Decrease) in Deferred Revenues	(8,871)
Increase (Decrease) in Compensated Absences	13
Total Adjustments	<u>15,383</u>
NET CASH USED FOR OPERATING ACTIVITIES	<u><u>\$ (488,242)</u></u>

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

LINE MOUNTAIN SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2021

Note 1 - Summary of Significant Accounting Policies

The accompanying financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles. The most significant of the school district's accounting policies are described below.

A. Financial Reporting Entity

As defined by accounting principles generally accepted in the United States of America, the School District is considered a "primary government". The School District is governed by a nine member board to which each member is elected by the citizens of each defined district.

For financial reporting purposes, Line Mountain School District has included all funds and organizations. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District.

The School District participates in a jointly governed organization. The organization is the Northumberland County Career and Technology Center. The organization is presented in Note 11 to the basic financial statements.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position presents the District's non-fiduciary assets and liabilities, with the difference reported as net position. Net Positions is reported in three categories:

1. Net Investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances of bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.
2. Restricted net positions result when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

LINE MOUNTAIN SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2021

Note 1 - Summary of Significant Accounting Policies – continued

B. Government-wide and Fund Financial Statements – continued

3. Unrestricted net positions consist of net positions not meeting the definition of the two preceding categories. Unrestricted net positions often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property taxes and other items not included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported in separate columns in the fund financial statements.

The School District reports the following major governmental funds:

General Fund - This is the School District's primary operating fund. The general fund is used to account for and report all financial resources not accounted for and reported in another fund.

Capital Projects Fund - This is used to account for financial resources to be used for capital improvements, and the construction, replacements, additions, and maintenance to facilities, and purchase of school buses.

All other governmental funds not meeting the criteria established for major funds are presented in the other governmental column of the fund financial statements.

Additionally, the school district reports the following fund types:

PROPRIETARY FUNDS

Enterprise Funds - These funds are used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the School District has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability.

LINE MOUNTAIN SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2021

Note 1 - Summary of Significant Accounting Policies – continued

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

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting, as are the Proprietary and Fiduciary Fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred or economic asset used, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and judgments, are recorded only when payment is due.

Federal grants and assistance awards made on the basis of entitlement periods are recorded as receivables and revenues when entitlement occurs. Federal reimbursement type grants are recorded as revenues when the related expenditures are recognized. Use of grant resources is conditioned upon compliance with terms of the grant agreements and applicable federal regulations, which include subjecting grants to financial and compliance audits.

Property taxes, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual.

Property taxes are levied by the School District upon an assessed value times an approved millage rate. See Note 3 for further details.

Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

LINE MOUNTAIN SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2021

Note 1 - Summary of Significant Accounting Policies – continued

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation – continued

The effect on inter-fund activity has been eliminated from the government-wide statements.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing, and Financial Reporting*, issued in 2012 by the Government Finance Officers Association and are consistent with the broad classifications recommended in *Financial Accounting for Local and State School Systems*, 2014, issued by the U.S. Department of Education.

D. Basis of Accounting

1. Revenues - Exchange and Nonexchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On 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. For the School District, available means expected to be received within sixty days of fiscal year end.

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

Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal yearend: property taxes available as an advance, income taxes, grants, interest, tuition and student fees.

2. Expenses/Expenditures

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

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

LINE MOUNTAIN SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2021

Note 1 - Summary of Significant Accounting Policies – continued

E. Budgetary Process

The operating budget is prepared in accordance with generally accepted accounting principles. An annual budget prepared by function and object is formally adopted for the General Fund. Project-length financial plans are used for Capital Projects Fund.

The budget may be amended during the year if projected increases or decreases in revenue are identified by the Business Manager. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the budget when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended budget issued during the fiscal year 2020-2021.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

F. Encumbrances

An encumbrance system is maintained to account for commitments or assignments resulting from approved purchase orders, work orders and contracts. However, the School District attempts to liquidate all encumbrances at year-end. Encumbrances outstanding at year-end are reported within committed or assigned fund balances.

G. Cash and Investments

Cash includes amounts in demand deposits and certificates of deposit. Investments consist of repurchase agreements and funds invested in the PA Treasury Investment Program and are stated at cost, which approximates market value. This is in accordance with Section 440.1 of the School Code.

H. Taxes Receivable and Deferred Inflows

Taxes receivable consist of delinquent real estate taxes due at June 30, 2021, less an allowance for the amount of these delinquencies not expected to be collected within the next fiscal year.

Deferred revenue consists of the amount of taxes receivable at June 30, 2021, less the amount actually collected and remitted to the School District in July and August 2021.

I. Due From/To Other Funds

During the course of operations, transactions occur between individual funds for goods provided or services rendered. These receivables and payables, to the extent they exist, are classified as “Due from Other Funds” or “Due to Other Funds” on the balance sheet.

LINE MOUNTAIN SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2021

Note 1 - Summary of Significant Accounting Policies – continued

J. Inventories

The District's inventory of supplies in the General Fund is not significant in amount and is therefore not included in the financial statements.

A physical inventory of the Food Service Fund food and supplies was taken as of June 30, 2021. The inventory consisted of government donated commodities which were valued using USDA values, and other cafeteria supplies valued at cost using the first-in, first-out (FIFO) method. Any unused commodities donated by the federal government at June 30, 2021 are reported as deferred revenue.

K. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial single item cost of more than \$5,000, and an estimated useful life in excess of one year. In addition, capital assets purchased with a long-term debt may be capitalized regardless of the thresholds established. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All capital assets, except land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives.

<u>Description</u>	<u>Estimated Lives</u>
Land	Not Depreciated
Land Improvements	12 Years
Buildings and Building Improvements	40 Years
Vehicles	5 - 15 years
Furniture and Equipment	12 Years

LINE MOUNTAIN SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2021

Note 1 - Summary of Significant Accounting Policies – continued

L. Long-Term Liabilities

In the government-wide financial statements and proprietary funds types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs whether or not withheld from the actual debt proceeds received, are reported as administrative expenditures.

M. Estimates

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

N. Fund Balances

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. Following are descriptions of fund classifications used by the district:

Non-spendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds are restricted, committed, or assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Committed fund balance includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the School Board, the District's highest level of decision-making authority. This formal action is the approval of a resolution for a specific purpose.

Assigned fund balance includes amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not restricted or committed. Assignments of fund balance are created by the Business Manager pursuant to authorization established by the board.

LINE MOUNTAIN SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2021

Note 1 - Summary of Significant Accounting Policies – continued

N. Fund Balances - continued

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance.

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, it is the District’s general policy to use restricted resources first. When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the District’s general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

Governmental Fund Balances

Governmental Fund Balances consist of the following at June 30, 2021:

	General Fund	Capital Projects Fund	Other Governmental Funds	Total
Non Spendable:	\$ -	\$ -	\$ -	\$ -
Restricted:	-	-	84,196	84,196
Committed:				
Health Savings Account				
Contributions	1,772,292	-	-	1,772,292
Lease Obligations	91,644	-	-	91,644
Medical Insurance	2,255,000	-	-	2,255,000
Assigned:				
Capital Improvements	-	955,017	-	955,017
Unassigned:	3,140,362	-	-	3,140,362
Total Fund Balances	\$ 7,259,298	\$ 955,017	\$ 84,196	\$ 8,298,511

Although the board restricts the use of the Capital Projects Fund assets for construction, additions and equipment, Fixed Assets can be purchased out of the General Fund if the items are budgeted for in the annual budget.

LINE MOUNTAIN SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2021

Note 1 - Summary of Significant Accounting Policies – continued

O. Definition of Cash and Cash Equivalents

For the purpose of the statement of cash flows, the term cash and cash equivalents includes cash in bank and short-term, highly liquid investments with a maturity of ninety days or less at the date of purchase.

P. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability. The liability includes the employees who are currently eligible to receive termination benefits. The amount is based on accumulated sick leave and the various rates stated in the labor contracts. The School District records a liability for accumulated unused sick leave for all employees.

The entire compensation absence liability is reported on the government-wide financial statements. On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. For the enterprise fund, the entire amount of compensated absences is reported as a fund liability.

Q. Other Post-Employment Benefits

For purposes of measuring the District's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, the Plans recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value. The District has two OPEB plans which will each be disclosed separately within Note 10.

LINE MOUNTAIN SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2021

Note 1 - Summary of Significant Accounting Policies – continued

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

S. Operating and Nonoperating Revenues

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as nonoperating in the financial statements.

T. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate element represents as acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in these categories: Deferred outflows on refunding bonds, deferred outflows and inflows related to pensions and other postemployment benefits, and unavailable tax revenue. Deferred outflows/inflows on refunding's are the result of differences in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows and inflows related to pensions and other postemployment benefits are discussed in Notes 8 and 9, respectively. Unavailable tax revenue, which arises under the modified accrual basis of accounting, is reported only in the governmental funds balance sheet. This amount, which relates to property taxes, is deferred and recognized as an inflow of resources in the period the amount becomes available.

LINE MOUNTAIN SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2021

Note 2 - Legal Compliance Budgets

All principals at each educational level of the School District submit requests for appropriation to the superintendent and business administrator. A tentative budget is prepared. It includes information on the past year, current year estimates and requested appropriations for the next fiscal year. The proposed budget is presented to the School Board at public meetings for their review.

Tentative adoption of the budget must be made 30 days prior to final adoption to allow for public review. Final adoption of the budget must occur on or before June 30. Budget transfers are typically made by the business administrator at year end with Board approval.

Note 3 - Real Estate Tax and Deferred Revenue

Based upon assessments provided by the County, the School District bills and collects its own property taxes. The School District tax rate For the Year Ended December 31, 2020 was 79.81 mills for Northumberland County residents as levied by the School Board. The schedule for real estate taxes levied for each fiscal year is as follows:

July 1	-Levy date
July 1 - August 31	-2% discount period
September 1 - October 31	-Face payment period
November 1 - December 31	-10% penalty period
December 31	- Delinquent Date

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

The balances at June 30, 2021 are as follows:

	<u>Gross Taxes Receivable</u>	<u>Allowance for Uncollectible Taxes</u>	<u>Net Estimated to be Collectible</u>	<u>Tax Revenue Recognized</u>	<u>Deferred Taxes</u>
Real Estate	\$ 1,596,255	\$ (756,977)	\$ 839,278	\$ 323,759	\$ 515,519

The deferred revenue balance in the General Fund is \$515,519 and is reported as deferred inflows of resources.

LINE MOUNTAIN SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2021

Note 4 - Due from Other Governments

Amounts due from other governments represent receivables for revenues earned by the School District. At June 30, 2021, there were \$268,810 due from other governmental units.

Note 5 - Cash and Cash Equivalents and Investments

The School District's cash deposits and investments are restricted by statute to United States Treasury bills, short-term obligations of the United States Government and certain obligations of the United States, Commonwealth of Pennsylvania or its political subdivisions which are backed by the full faith and credit of those governmental entities. Additionally, the School District may invest in shares of a properly registered investment fund whose investments consist of the securities listed above. Deposits in banks and other financial institutions must be insured by the Federal Deposit Insurance Corporation or the National Credit Union Insurance Fund. Deposits in excess of the maximum insurable amounts must be collateralized by securities held by that institution, in accordance with the provisions of law. Pool pledging in accordance with P.L. 281, No. 72, (Act 72), is permissible.

Risk Categories - Deposits

All deposits are carried at cost. There are three categories of credit risk that may apply to the School District's deposits.

1. Insured or collateralized with securities held by the School District or by its agent in the School District's name.
2. Collateralized with securities held by the pledging financial institution's trust department or agent in the School District's name.
3. Uncollateralized.

LINE MOUNTAIN SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2021

Note 5 - Cash and Cash Equivalents and Investments – continued

Risk Categories – Deposits – continued

Balances held in each category at June 30, 2021, are as follows:

	Carrying Amount	Bank Balance	Credit Risk
Insured Deposits (FDIC)	\$ 268,531	\$ 269,188	1
Uninsured Deposits:			
Collateral held by Federal Reserve Bank in School District's Name	-	-	2
Uncollateralized	6,863,966	7,089,094	3
Total Fund Balances	\$ 7,132,497	\$ 7,358,282	

The amounts listed as uncollateralized have been secured by pool pledging in accordance with Act 72.

Balances held in each investment category at June 30, 2021, are as follows:

	Carrying Amount	Bank Balance	Credit Risk
Investments in Pools Managed by Other Governments	\$ 2,076,262	\$ 2,159,782	3
Total Investments	\$ 2,076,262	\$ 2,159,782	

Concentration of Credit Risk - The school places no limit on the amount the School may invest in any one user. Certificates of deposit and pooled pledged accounts comprise 100% of the School's total investments.

Interest Rate Risk - The School does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - The School has no investment policy that would limit its investment choices to certain credit ratings. The certificates and pooled pledged accounts are not rated.

LINE MOUNTAIN SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2021

Note 6 – Changes in Capital Assets

Capital asset activity for the year ended June 30, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENT ACTIVITIES				
Capital Assets, Not Being Depreciated				
Land	\$ 410,066	\$ -	\$ -	\$ 410,066
Total Capital Assets Not Being Depreciated	410,066	-	-	410,066
Capital Assets Being Depreciated				
Buildings and Improvements	42,701,333	10,135	-	42,711,468
Furniture and Equipment	7,650,291	343,868	116,174	7,877,985
Total Assets Being Depreciated	50,351,624	354,003	116,174	50,589,453
Less Accumulated Depreciation for:				
Buildings and Improvements	14,651,005	1,023,530	-	15,674,535
Furniture and Equipment	6,514,040	256,477	116,174	6,654,343
Total Accumulated Depreciation	21,165,045	1,280,007	116,174	22,328,878
Total Capital Assets Being Depreciated, Net	29,186,579	(926,004)	-	28,260,575
Governmental Activities, Capital Assets, Net	<u>\$ 29,596,645</u>	<u>\$ (926,004)</u>	<u>\$ -</u>	<u>\$ 28,670,641</u>
BUSINESS - TYPE ACTIVITIES				
Capital Assets Being Depreciated				
Furniture and Equipment	\$ 537,498	\$ -	\$ -	\$ 537,498
Total Capital Assets, Being Depreciated	537,498	-	-	537,498
Less Accumulated Depreciation for:				
Furniture and Equipment	357,945	25,127	-	383,072
Total Accumulated Depreciation	357,945	25,127	-	383,072
Total Capital Assets Being Depreciated, Net	179,553	(25,127)	-	154,426
Business - Type Activities Capital Assets, Net	<u>\$ 179,553</u>	<u>\$ (25,127)</u>	<u>\$ -</u>	<u>\$ 154,426</u>

LINE MOUNTAIN SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2021

Note 6 – Changes in Capital Assets - continued

Depreciation expense was charged to functions/programs of the primary government as follows:

GOVERNMENT ACTIVITIES

Instruction:

Regular	\$ 601,273
Special	184,997

Support Services:

Pupil	68,728
Instructional Staff	21,194
Administration	141,789
Pupil Transportation	128,712
Operation and Maintenance Plant	107,239

Operation of Noninstructional Services:

Student Activities	26,075
Total Depreciation Expense - Governmental Activities	<u>\$ 1,280,007</u>

BUSINESS - TYPE ACTIVITIES

Food Service Fund	\$ 25,127
Total Depreciation Expense - Business - Type Activities	<u>\$ 25,127</u>

LINE MOUNTAIN SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2021

Note 7 - Operating Lease Activity

In June 2018, the School District entered into a new copier equipment lease agreement with Toshiba for the purpose of replacing and upgrading their existing equipment. The existing lease agreements were terminated and replaced with a new agreement for 5 new copiers. This lease is a 63 month contract beginning July 2018 to September 2023. The total contract is for \$201,067 with monthly payments of \$3,191. The agreement qualifies as an operating lease for accounting purposes and therefore, will be recorded as an expense in the statement of activities for the 2019-20 fiscal years. Lease payments totaled \$38,299 for the year ended June 30, 2021.

The future minimum lease payments over the life of the contract are shown below:

	<u>Total</u>
June 30, 2022	\$ 38,299
June 30, 2023	38,299
June 30, 2024	9,574
Total	<u>\$ 86,172</u>

In September 2019, the School District entered into a new equipment lease agreement with Pitney Bowes for the purpose of obtaining a mailing system. This lease is a 63 month contract beginning September 2019 to June 2024. The total contract is for \$9,576 with quarterly payments of \$477. The agreement qualifies as an operating lease for accounting purposes and therefore, was recorded as an expense in the statement of activities for the 2020-21 fiscal years. Lease payments totaled \$1,824 for the year ended June 30, 2021.

The future minimum lease payments over the life of the contract are shown below:

	<u>Total</u>
June 30, 2022	\$ 1,824
June 30, 2023	1,824
June 30, 2024	1,824
Total	<u>\$ 5,472</u>

LINE MOUNTAIN SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2021

Note 8 – General Long-Term Debt

Changes in the School District’s long-term obligations during fiscal year 2021 were as follows:

	Balance at 6/30/20	Additions	Reductions	Balance at 6/30/21
General Obligation Bonds Payable:				
GOB, Series of 2012	\$ 1,670,000	\$ -	\$ 545,000	\$ 1,125,000
GOB, Series of 2014A	1,135,000	-	370,000	765,000
GOB, Series of 2017	7,685,000	-	35,000	7,650,000
GOB, Series of 2019	3,520,000	-	5,000	3,515,000
GOB, Series of 2019A	8,310,000	-	295,000	8,015,000
Subtotal	<u>22,320,000</u>	-	<u>1,250,000</u>	<u>21,070,000</u>
Bond Premiums	305,311	-	23,566	281,745
Total	<u>22,625,311</u>	-	<u>1,273,566</u>	<u>21,351,745</u>
Other Liabilities:				
Compensated Absences	339,424	4,198	-	343,622
Postemployment Benefits	1,807,916	108,038	-	1,915,954
Pension Liability	24,701,000	1,100,000	-	25,801,000
Total Other Liabilities	<u>26,848,340</u>	<u>1,212,236</u>	-	<u>28,060,576</u>
 Total Governmental Activities Long-Term Liabilities	 <u>\$ 49,473,651</u>	 <u>\$ 1,212,236</u>	 <u>\$ 1,273,566</u>	 <u>\$ 49,412,321</u>
 Business - Type Activity Compensated Absences	 <u>\$ 325</u>	 <u>\$ 13</u>	 <u>\$ -</u>	 <u>\$ 338</u>

2012 General Obligation Bonds Payable

On August 23, 2012 the School District issued a \$9,860,000 Series of 2012 General Obligation Bonds Payable for the refunding of the 2007 General Obligation Bonds Payable, and to pay the costs related to issuing and insuring the 2012 Bonds. Interest is payable semi-annually at rates stipulated in the indenture (from 1.00% to 3.75%) on May 15th and November 15th of each year. Principal payments are scheduled annually on November 15th of each year through November 15, 2033.

On October 31, 2017, the School District issued a \$7,725,000 Series of 2017 General Obligation Bonds to partially refinance the 2012 General Obligations Bonds Payable. Net proceeds of \$7,425,000 were applied as principal payment on the 2012 Series General Obligation Bonds Payable. The remaining principal balance as of June 30, 2021 is \$1,125,000. The new scheduled maturity date is November 15, 2022.

LINE MOUNTAIN SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2021

Note 8 – General-Long Term Debt – continued

The bonds are secured with the full faith, credit and taxing power of the School District.

The remaining scheduled maturity dates, principal and interest payments are as follows:

<u>Payment</u> <u>Date</u>	<u>Principal</u>	<u>Interest</u> <u>Rate</u>	<u>Interest</u>	<u>Debt</u> <u>Service</u>
2022	555,000	2.375%	20,128	575,128
2023	570,000	2.375%	6,769	576,769
Total	<u>\$ 1,125,000</u>		<u>\$ 26,897</u>	<u>\$ 1,151,897</u>

2014A General Obligation Bonds Payable

On March 20, 2014 the School issued a \$6,250,000 Series of 2014A General Obligation Bonds payable for the refunding of the 2009A General Obligation Bonds Payable, and to pay the costs related to issuing and insuring the 2014A Bonds.

On March 29, 2019 the School district issued General Obligation Bonds, Series of 2019 for the current refunding of the Series 2014A bonds. The District deposited with the Bond Escrow agent the sum of \$3,490,839 which was sufficient to redeem the refunded portion in the amount of \$3,445,000 and interest required.

Interest is payable semi-annually at rates stipulated in the indenture (from 2.0% to 2.5%) on May 15th and November 15th of each year. Principal payments are scheduled annually on November 15th of each year through November 15, 2022.

The bonds are secured with the full faith, credit and taxing power of the School District. The remaining scheduled maturity dates, principal and interest payments are as follows:

<u>Payment</u> <u>Date</u>	<u>Principal</u>	<u>Interest</u> <u>Rate</u>	<u>Interest</u>	<u>Debt</u> <u>Service</u>
2022	380,000	2.20%	13,806	393,806
2023	385,000	2.50%	4,813	389,813
Total	<u>\$ 765,000</u>		<u>\$ 18,619</u>	<u>\$ 783,619</u>

LINE MOUNTAIN SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2021

Note 8 – General-Long Term Debt – continued

2017 General Obligation Bonds Payable

On October 31, 2017, the School District issued General Obligation Bonds, Series of 2017 in the amount of \$7,725,000. The Bonds were used for the current refunding of the District’s General Obligation Bonds, Series of 2012, and paying the costs associated with issuance of the Bonds. The bonds mature on November 15, of each year through 2033 and bear interest at rates ranging from 1.00% to 3.00%. Interest is payable semiannually on May 15 and November 15. The bonds are secured with the full faith, credit and taxing power of the School District.

The remaining scheduled maturity dates, principal and interest payments are as follows:

Payment Date	Principal	Interest Rate	Interest	Debt Service
2022	35,000	1.350%	183,839	218,839
2023	35,000	1.500%	183,340	218,340
2024	620,000	2.000%	176,878	796,878
2025	630,000	2.000%	165,378	795,378
2026	645,000	2.000%	151,628	796,628
2027-2031	3,430,000	2.500%	543,436	3,973,436
2032-2034	2,255,000	3.000%	98,175	2,353,175
Total	<u>\$ 7,650,000</u>		<u>\$ 1,502,674</u>	<u>\$ 9,152,674</u>

2019 General Obligation Bonds Payable

On March 29, 2019, the School District issued General Obligation Bonds, Series of 2019 in the amount of \$3,525,000. The Bonds were used for the current refunding of a portion of the District’s General Obligation Bonds, Series of 2014A, and paying the costs associated with issuance of the Bonds. The bonds mature on September 1, of each year through 2030 and bear interest at rates ranging from 1.65% to 2.80%. Interest is payable semiannually on September 1 and March 1. The partial refunding of the Series 2014A Bonds resulted in an economic gain of \$76,059. The bonds are secured with the full faith, credit and taxing power of the School District.

The remaining scheduled maturity dates, principal and interest payments are as follows:

Payment Date	Principal	Interest Rate	Interest	Debt Service
2022	5,000	1.800%	107,921	112,921
2023	5,000	1.830%	107,826	112,826
2024	405,000	1.900%	97,651	502,651
2025	420,000	1.960%	79,126	499,126
2026	425,000	2.150%	66,476	491,476
2027-2031	2,255,000	2.700%	167,513	2,422,513
Total	<u>\$ 3,515,000</u>		<u>\$ 626,513</u>	<u>\$ 4,141,513</u>

LINE MOUNTAIN SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2021

Note 8 – General-Long Term Debt – continued

2019A General Obligation Bonds Payable

On September 30, 2019, the School District issued General Obligation Bonds, Series of 2019A in the amount of \$8,545,000. The Bonds were used for the current refunding of the District’s General Obligation Bonds, Series of 2013, and paying the costs associated with issuance of the Bonds. The bonds mature on September 1, of each year through 2035 and bear interest at rates ranging from 1.10% to 2.20%. Interest is payable semiannually on September 1 and March 1. The refunding of the Series 2013 Bonds resulted in an economic gain of \$5,403. The bonds are secured with the full faith, credit and taxing power of the School District.

The remaining scheduled maturity dates, principal and interest payments are as follows:

<u>Payment</u> <u>Date</u>	<u>Principal</u>	<u>Interest</u> <u>Rate</u>	<u>Interest</u>	<u>Debt</u> <u>Service</u>
2022	310,000	5.000%	196,714	506,714
2023	330,000	5.000%	180,714	510,714
2024	350,000	5.000%	163,714	513,714
2025	370,000	5.000%	145,714	515,714
2026	380,000	2.000%	132,664	512,664
2027-2031	2,010,000	2.000%	545,420	2,555,420
2032-2035	4,265,000	2.125%	202,560	4,467,560
Total	<u>\$ 8,015,000</u>		<u>\$ 1,567,500</u>	<u>\$ 9,582,500</u>

Aggregate Maturities of All Long Term Debt

The aggregate maturities of all long-term borrowings for the next five years and to maturity are:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	1,285,000	522,408	1,807,408
2023	1,325,000	483,462	1,808,462
2024	1,375,000	438,243	1,813,243
2025	1,420,000	390,218	1,810,218
2026	1,450,000	350,768	1,800,768
2027 thru 2030	7,695,000	1,256,369	8,951,369
2031 thru 2035	6,520,000	300,735	6,820,735
Total	<u>\$ 21,070,000</u>	<u>\$ 3,742,203</u>	<u>\$ 24,812,203</u>

LINE MOUNTAIN SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2021

Note 9 - Pension Plan

1. Summary of Significant Accounting Policies

Pensions

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

General Information about the Pension Plan

Plan description

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

Benefits provided

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

LINE MOUNTAIN SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2021

Note 9 - Pension Plan - continued

General Information about the Pension Plan - continued

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

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

Contributions

Members Contributions:

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

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

Members who joined the System after June 30, 2001 and before July 1, 2011, contribute at 7.50% (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in the future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

LINE MOUNTAIN SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2021

Note 9 - Pension Plan – continued

Contributions – continued

Employer Contributions:

The school districts’ contractually required contribution rate for fiscal year ended June 30, 2021 was 34.51% of covered payroll which includes 0.18% for the Act 5 defined contribution plan members, 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. For the year ended June 30, 2021, the District contributed \$2,470,672 to the defined benefit plan and \$13,271 to the defined contribution plan. For the year ended June 30, 2021 employees contributed \$24,339 to the defined contribution plan.

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

At June 30, 2021, the District reported a liability of \$25,801,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2019 to June 30, 2020. The District’s proportion of the net pension liability was calculated utilizing the employer’s one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2021, the District’s proportion was .0524 percent, which was a decrease of .0004 from its proportion measured as of June 30, 2020.

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

For the year ended June 30, 2021, the District recognized pension expense of \$2,579,265. At June 30, 2021, 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
	<u>Resources</u>	<u>Resources</u>
Difference Between Expected and Actual Experience	\$ 50,250	\$ 463,500
Changes in Assumptions	-	-
Net Difference Between Projected and Actual		
Investment Earnings	850,500	-
Changes in Proportion	552,000	759,750
Difference Between Employer Contributions and		
Proportionate Share of Total Contributions	(4,804)	4,804
Contributions Subsequent to the Measurement Date	2,470,672	-
	<u>\$3,918,618</u>	<u>\$1,228,054</u>

LINE MOUNTAIN SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2021

Note 9 - Pension Plan – continued

\$2,470,672 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2021	\$ (69,000)
2022	(250,000)
2023	288,000
2024	337,000
	<u>\$ 306,000</u>

3. Actuarial Assumptions

The total pension liability as of June 30, 2020 was determined by rolling forward the System's total pension liability as of the June 30, 2019 to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment Rate of Return – 7.25%, includes inflation at 2.75%.
- Salary growth – Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Mortality rates were 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.

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

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

LINE MOUNTAIN SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2021

Note 9 - Pension Plan – continued

3. Actuarial Assumptions - continued

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Public Equity	15.0%	5.2%
Private Equity	15.0%	7.2%
Fixed Income	36.0%	1.1%
Commodities	8.0%	1.8%
Absolute Return	10.0%	2.5%
Infrastructure/MLPs	6.0%	5.7%
Real Estate	10.0%	5.5%
Risk Parity	8.0%	3.3%
Cash	6.0%	-1.0%
Financing (LIBOR)	-14.0%	-0.7%
	<u>100.0%</u>	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2020.

Discount rate

The discount rate used to measure the total pension liability was 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.

LINE MOUNTAIN SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2021

Note 9 - Pension Plan- continued

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

The following presents the net pension liability, calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1- percentage point lower (6.25%) or 1- percentage - point higher (8.25%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	6.25%	7.25%	8.25%
District's Proportionate Share of the Net Pension Liability	\$ 31,922,000	\$ 25,801,000	\$ 20,616,000

Pension plan fiduciary net position

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

Note 10 – Other Post-Employment Benefits

SINGLE EMPLOYER DEFINED BENEFIT PLAN

General Information about the Single Employer Defined Benefit Plan

Plan Description: Line Mountain School District provides access to retiree medical and prescription drug coverage to eligible retired employees and qualified spouses and their dependents. This is a single employer defined benefit plan administered by the District with 156 active participants. The plan does not issue a separate stand-alone financial statement.

LINE MOUNTAIN SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2021

Note 10 – Other Post-Employment Benefits–continued

Benefits Provided: The Plan provides medical and prescription drug benefits for retirees and their dependents.

<u>Group</u>	<u>Summary of Plan Provision Administrators</u>	<u>Teachers & Support Staff</u>
Eligibility	30 years of PSERS service	Act 110/43
Coverage	Medical & Prescription Drug, Dental, and Vision	Act 110/43
Premium Sharing	Member pays 100% of premiums	Act 110/43
Dependents	Spouse included	
Duration	Member coverage ceases at Medicare Age. Spouses coverage ceases at the later of the member's or their own Medicare Age.	Same as Administrators

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

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

PSERS Superannuation Retirement:

- 1) For individuals who were members of PSRS prior to July 1, 2011, an employee is eligible for PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS service, age 62 with 1 year PSERS service or 35 years of PSERS service regardless of age.
- 2) For individuals who became members of PSERS on or after July 1, 2011, an employee is eligible for PSERS superannuation retirement upon reaching age 65 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 92 with a minimum of 35 years of PSERS service.

Coordination with Medicare benefits: Medicare pays primary

Other postemployment benefits not valued in this report (not reportable under GASB 75):

Unused sick leave payable as a retirement cash bonus

Early retirement incentive paying lump sum payments for unused sick days.

LINE MOUNTAIN SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2021

Note 10 – Other Post-Employment Benefits—continued

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

At June 30, 2021, the District reported an OPEB liability of \$1,915,954 of which \$783,954 represents the single employer OPEB plan. The net OPEB liability was measured as of July 1, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

For the year ended June 30, 2021, the District recognized OPEB expense of \$16,771. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ -	\$ 70,740
Changes in Assumptions	78,599	24,390
Contributions Subsequent to the Measurement Date	43,158	-
	\$ 121,757	\$ 95,130

Of the total amount reported as deferred outflows of resources related to OPEB, \$43,158 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

<u>Year Ending June 30,</u>	
2022	\$ (2,579)
2023	(2,579)
2024	(2,579)
2025	(2,579)
2026	(2,579)
Thereafter	(3,636)

LINE MOUNTAIN SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2021

Note 10 – Other Post-Employment Benefits–continued

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2020.

Discount Rate: 1.86% Based on S&P Municipal Bond 20 Year High Grade Rate Index at 7/1/2020

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

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

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

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

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

Disability: No disability was assumed.

LINE MOUNTAIN SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2021

Note 10 – Other Post-Employment Benefits–continued

Actuarial Assumptions - continued

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

Age 55 & 25 Years of Service Superannuation				
<u>Age</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
55	19%	19%	27%	10%
56	17%	17%	32%	30%
57	17%	17%	32%	30%
58	17%	17%	32%	35%
59	22%	21%	31%	36%
60	14%	17%	31%	36%
61	29%	30%	29%	31%
62	51%	61%	51%	61%
63	26%	26%	26%	26%
64	21%	22%	21%	22%
65	100%	100%	100%	100%

Percent of Eligible Retirees Electing Coverage in Plan: 65% of teachers and administrators and 20% of support staff are assumed to elect coverage.

Percent Married at Retirement: 20% of employees are assumed to be married and have a spouse covered by the plan at retirement. Non-spouse dependents are deemed to be immaterial.

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

Per Capita Claims Cost: Making use of weighted averages for various plan designs, the per capita claims cost for medical and prescription drug is based on the expected portion of the group’s overall cost attributed to individuals in the specified age and gender brackets. Dental and vision costs are assumed to not vary with age or gender.

The resulting costs are as follows

<u>Age</u>	<u>Males</u>	<u>Females</u>
45-49	\$ 6,037	\$ 8,719
50-54	\$ 7,996	\$ 9,854
55-59	\$ 9,739	\$ 10,311
60-64	\$ 12,708	\$ 11,845

LINE MOUNTAIN SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2021

Note 10 – Other Post-Employment Benefits–continued

Actuarial Assumptions - continued

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

Health Care Cost Trend Rate: 5.5% in 2020 through 2023. Rates gradually decrease from 5.4% in 2024 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical cost Trend Model.

Actuarial Value of Assets: Equal to the Market Value of Assets.

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

Participant Data: Based on census information as of July 2019. Due to the timing of school district turnover, the data is believed to be representative of the population for the 2019/2020 school year.

Changes of Assumptions: The discount rate changed from 3.36% to 1.86%.

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

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

LINE MOUNTAIN SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2021

Note 10 – Other Post-Employment Benefits–continued

Sensitivity of the School’s Net OPEB Liability to Changes in the Discount Rate: The following presents the School’s net OPEB liability, as well as what the School’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (.86 percent) or 1-percentage-point higher (2.86 percent) than the current discount rate:

1% Decrease	Current Discount Rate	1% Increase
<u>0.86%</u>	<u>1.86%</u>	<u>2.86%</u>
\$ 839,880	\$ 783,954	\$ 730,525

Sensitivity of the School’s Net OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the School’s net OPEB liability, as well as what the School’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower than the current healthcare cost trend rates:

1% Decrease	Current Trend Rate	1% Increase
<u> </u>	<u> </u>	<u> </u>
\$ 686,486	\$ 783,954	\$ 901,132

LINE MOUNTAIN SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2021

Note 10 – Other Post-Employment Benefits—continued

COST SHARING MULTIPLE EMPLOYER BENEFIT PLAN

General Information about the Cost Sharing 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, 2019 there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

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

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

Plan Description

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

LINE MOUNTAIN SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2021

Note 10 – Other Post-Employment Benefits–continued

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, 2020 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 was 0.82% 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 unfunded accrued liability. Contributions to the OPEB plan for the District were \$60,458 for the year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$1,915,954 for its proportionate share of the net OPEB liability of which \$1,132,000 represents the cost sharing OPEB plan. The net OPEB liability was measured as of June 30, 2020, 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, 2019 to June 30, 2020. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2021, the District's proportion was .0524% which was an decrease of .0004% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the District recognized OPEB expense of \$66,434. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 7,500	\$ -
Changes in Assumptions	34,500	18,750
Net Difference Between Projected and Actual		
Investment Earnings	1,500	-
Changes in Proportion	56,250	58,500
Difference Between Employer Contributions and		
Proportionate Share of Total Contributions	(157)	157
Contributions Subsequent to the Measurement Date	60,458	-
	<u>\$ 160,051</u>	<u>\$ 77,407</u>

LINE MOUNTAIN SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2021

Note 10 – Other Post-Employment Benefits–continued

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, 2020 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, 2020 was 0.84% 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 unfunded accrued liability. Contributions to the OPEB plan for the District were \$60,458 for the year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$1,915,954 for its proportionate share of the net OPEB liability of which \$1,132,000 represents the cost sharing OPEB plan. The net OPEB liability was measured as of June 30, 2020, 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, 2019 to June 30, 2020. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2021, the District's proportion was .0524% which was an decrease of .0004% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the District recognized OPEB expense of \$66,434. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 7,500	\$ -
Changes in Assumptions	34,500	18,750
Net Difference Between Projected and Actual		
Investment Earnings	1,500	-
Changes in Proportion	56,250	58,500
Difference Between Employer Contributions and		
Proportionate Share of Total Contributions	(157)	157
Contributions Subsequent to the Measurement Date	60,458	-
	<u>\$ 160,051</u>	<u>\$ 77,407</u>

LINE MOUNTAIN SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2021

Note 10 – Other Post-Employment Benefits–continued

\$60,458 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	
2021	\$ 12,000
2022	11,000
2023	11,000
2024	(6,000)
2025	-
Thereafter	2,000

Actuarial Assumptions

The Total OPEB Liability as of June 30, 2020 was determined by rolling forward the System's Total OPEB Liability as of June 30, 2019 to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method – Entry Age Normal – level % of pay.

Investment return – 2.79% - S&P 20 Year Municipal Bond Rate

Salary growth – Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.

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

Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.

Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

Participation rate:

Eligible retirees will elect to participate Pre age 65 at 50%

Eligible retirees will elect to participate Post age 65 at 70%

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study that was performed for the five year the period ending June 30, 2015.

The following assumptions were used to determine the contribution rate:

The results of the actuarial valuation as of June 30, 2018 determined the employer contribution rate for fiscal year 2020.

LINE MOUNTAIN SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2021

Note 10 – Other Post-Employment Benefits–continued

Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.

Asset valuation method: Market Value

Participation rate: 63% of eligible retirees are assumed to elect premium assistance.

Mortality rates and retirement ages were based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 Combined Disabled Tables with age set back 7 years for males and 3 years for females for disabled annuitants (A unisex table based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 years for both genders assuming the population consists of 25% males and 75% females is used to determine actuarial equivalent benefits.)

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

The OPEB plan’s policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Under the program, as defined in the retirement code employer contributions 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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	50.3%	(1.0%)
US Core Fixed Income	46.5%	(0.1%)
Non-US Developed Fixed	3.2%	(0.1%)
	<u>100.0%</u>	

The above was the Board’s adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2020.

Discount rate

The discount rate used to measure the Total OPEB Liability was 2.66%. 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 benefits for each succeeding year. Due to the short term funding policy, the OPEB plan’s fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a “pay-as-you-go” plan. A discount rate of 2.66% which represents the S&P 20 year Municipal Bond Rate at June 30, 2020, was applied to all projected benefit payments to measure the tot OPEB liability.

LINE MOUNTAIN SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2021

Note 10 – Other Post-Employment Benefits—continued

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2020, 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, 2020, 93,693 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2020 688 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the System net OPEB liability for June 30, 2020, 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:

1% Decrease	Current Trend Rate	1% Increase
\$ 1,132,000	\$ 1,132,000	\$ 1,132,000

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

1% Decrease 1.66%	Current Discount Rate 2.66%	1% Increase 3.66%
\$ 1,291,000	\$ 1,132,000	\$ 1,001,000

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.

LINE MOUNTAIN SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2021

Note 11 - Jointly Governed Organizations

The School District participates in the Northumberland County Career and Technology Center (NCCTC) which is governed by a joint operating committee. The committee is composed of seven members, two appointed annually from each Mount Carmel and Line Mountain School Districts, and three appointed annually from Shamokin School District. The NCCTC provides vocational and technical education for students of the three member school districts. Each member school district pays tuition to the NCCTC based upon its relative enrollment percentage at the school. The member school districts approve the budget of the NCCTC.

This joint venture does not meet the criteria for inclusion within the reporting entity because the NCCTC is separately chartered from the school districts it serves, its joint operating committee controls the employment of personnel, its joint operating committee has the power to approve all operating expenditures of the NCCTC, and the NCCTC is maintained as a separate operating unit.

For the year ended June 30, 2021, the member school districts and the percentage of tuition received from each member school district were as follows:

Shamokin	61.00%
Mount Carmel	34.00%
Line Mountain	5.00%
	<u>100.00%</u>

The School District's share of the joint venture is not determinable. The most recent NCCTC financial information for the year ended June 30, 2021 is available by contacting the Executive Director, Northumberland County Career and Technology Center, Coal Township, PA.

The School District made tuition payments, debt service payments and administrative costs payments to NCCTC of \$75,274 for the year ended June 30, 2021. \$35,946 was due from NCCTC at June 30, 2021.

Note 12 - Commitments and Contingencies

The School District receives federal and state grants and subsidies that are subject to audit and review by the Auditor General. These audits could result in a request for reimbursement by the state for amounts disallowed under the terms and conditions of the appropriate agency. In the opinion of the District's management, such reimbursements, if any, will not be significant.

The School District is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate the outcome or liability, if any, of the school district with respect to the various proceedings. However, the school district's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the school district.

LINE MOUNTAIN SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2021

Note 13 - Risk Management

The School District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School District has purchased various insurance policies to safeguard its assets from risk of loss. Insurance coverage appears to be consistent with previous years. During the year ended June 30, 2021, and the three previous fiscal years, no settlements exceeded insurance coverage.

NOTE 14 – RESTATEMENT OF NET POSITION/FUND BALANCE

The following restatement was necessary to reflect the adoption of the provisions of GASB Statement No 84, “Fiduciary Activities” in which the District changed its classification and presentation of custodial funds in its governmental and fiduciary fund financial statements.

	Governmental Activities	Other Governmental Funds
Net Position/Fund Balance, as previously stated*	\$ (10,424,824)	\$ -
Understatement due to change in custodial and private purpose trust funds	89,291	89,291
Net Position/Fund Balance, as restated	<u>\$ (10,335,533)</u>	<u>\$ 89,291</u>

* Custodial Funds did not have a net position as of June 30, 2020, the \$68,707 at year end was deemed a liability. Due to the adoption of GASB 84, the amounts have been reclassified as fund balance.

NOTE 15 – PRIOR PERIOD ADJUSTMENT

During the current year, it was determined that prior year revenues and receivables totaling \$29,900 were understated in the General Fund. To correct this error, the beginning fund balance of the General Fund of \$6,227,753, as originally reported, has been increased to \$6,257,653. In addition, beginning net position for governmental activities of \$(10,335,533) has been increased to \$(10,305,633).

REQUIRED SUPPLEMENTARY INFORMATION

LINE MOUNTAIN CHOOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of the District's Proportionate Share of Net Pension Liability
Last Seven Fiscal Years

	2021	2020	2019	2018	2017	2016	2015
School's Proportion of the Net Pension Liability	0.0524%	0.0528%	0.0549%	0.0581%	0.0500%	0.0551%	.0558%
School's Proportionate Share of the Net Pension Liability	\$ 25,801,000	\$ 24,701,000	\$ 26,355,000	\$ 28,695,000	\$ 24,778,000	\$ 23,866,000	\$ 22,086,000
School's Covered - Employee Payroll	\$ 7,409,824	\$ 7,285,939	\$ 7,396,093	\$ 7,731,819	\$ 6,476,582	\$ 7,094,303	\$ 7,120,584
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	348.20%	339.02%	356.34%	371.13%	382.58%	336.41%	310.17%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

LINE MOUNTAIN SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of the District's Contributions- Pension Plan
Last Seven Fiscal Years

	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	2,470,672	2,441,559	2,360,074	\$ 2,398,396	\$ 2,286,428	\$ 1,651,871	\$ 1,431,000
Contributions in Relation to the Contractually Required Contribution	2,470,672	2,441,559	2,360,074	2,398,396	2,286,428	1,651,871	1,431,000
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 7,409,824	\$ 7,285,939	\$ 7,396,093	\$ 7,731,819	\$ 6,476,582	\$7,094,303	\$7,120,584
Contributions as a Percentage of Covered-Employee Payroll	33.34%	33.51%	31.91%	31.02%	35.30%	23.28%	20.10%

LINE MOUNTAIN SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Changes in Net OPEB Liability and Related Ratios
Single Employer Plan
Last Four Fiscal Years

Fiscal Year Ending*	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service Cost	\$ 39,026	\$ 50,058	\$ 46,548	\$ 47,481
Interest	23,482	23,734	23,855	18,201
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	-	(86,460)	-	-
Changes of Assumptions	82,838	(29,810)	717	4,350
Benefit Payments	(46,308)	(41,438)	(39,027)	(36,645)
Other Changes	-	-	-	-
Net Change	<u>99,038</u>	<u>(83,916)</u>	<u>32,093</u>	<u>33,387</u>
Total OPEB Liability - Beginning	<u>684,916</u>	<u>768,832</u>	<u>736,739</u>	<u>703,352</u>
Total OPEB Liability - Ending	<u>\$ 783,954</u>	<u>\$ 684,916</u>	<u>\$ 768,832</u>	<u>\$ 736,739</u>
 Covered Employee Payroll	 \$ 7,041,415	 \$ 7,041,415	 \$ 7,163,551	 \$ 7,163,551
 Total OPEB Liability as a % of Covered-Employee Payroll	 11.13%	 9.73%	 10.73%	 10.28%

*This information is shown for the last 10 years if available

Changes of Assumptions

The discount rate changed from 3.36% to 1.86%. The trend assumption was updated.

Changes of Benefits Terms

Each year's loss (or gain) is recognized over a closed period, using the average of the expected remaining service lives of all active and inactive employees that are currently receiving a benefit or may be eligible to receive a benefit in the future. These figures are based on estimated benefit payments. These amounts may be adjusted for actual benefit payments made during the year.

LINE MOUNTAIN SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of the District's Proportionate Share of the Net OPEB Liability
Cost Sharing Plan
Last Four Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.0524%	0.0528%	0.0549%	0.0581%
District's proportionate share of the net OPEB liability (asset)	1,132,000	1,123,000	1,145,000	1,184,000
District's covered-employee payroll	\$ 7,361,079	\$ 7,285,939	7,396,093	7,731,819
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	15.38%	15.41%	15.48%	15.31%
Plan fiduciary net position as a percentage of the total OPEB liability	5.69%	5.56%	5.56%	5.73%

*This information is shown for the last 10 years if available

LINE MOUNTAIN SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of the District's Contributions
Cost Sharing Plan
Last Four Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 60,458	\$ 61,478	\$ 60,088	\$ 61,120
Contributions in relation to the contractually required	<u>60,458</u>	<u>61,478</u>	<u>60,088</u>	<u>61,120</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 7,361,079	\$ 7,285,939	7,396,093	7,731,819
Contributions as a percentage of covered-employee payroll	0.8213%	0.8438%	0.8124%	0.7905%

*This information is shown for the last 10 years if available

SUPPLEMENTARY INFORMATION

LINE MOUNTAIN SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Granter/Pass Through Granter/ Program Title	Federal AL Number	Funding Code	Pass Through Grantors Number	Grant Period Beginning/Ending Date	Source Code	Program or Award Amount	Total Received For Year	Accrued Or (Deferred) Revenue July 1, 2020	Revenue Recognized	Expenditures	Accrued Or (Deferred) Revenue June 30, 2021
U.S. DEPARTMENT OF TREASURY											
Passed Through Northumberland County:											
COVID-19 - Coronavirus Relief Fund	21.019	I	N/A	3/1/20-12/30/20	F	10,510	10,510	-	10,510	10,510	-
Passed Through PA Commission on Crime & Delinquency:											
COVID-19 - Coronavirus Relief Fund	21.019	I	2020-CS-01-34001	3/1/20-10/30/20	F	166,055	166,055	-	166,055	166,055	-
Total Coronavirus Relief Fund						176,565	176,565	-	176,565	176,565	-
TOTAL U.S. DEPARTMENT OF TREASURY						176,565	176,565	-	176,565	176,565	-
U.S. DEPARTMENT OF EDUCATION											
Passed Through Pennsylvania Department of Education:											
Title I, Part A	84.010	I	013-20-0229	9/3/19-9/30-20	F	352,207	49,013	49,013	-	-	-
Title I, Part A	84.010	I	013-21-0229	9/3/20-9/30/21	F	348,175	326,817	-	358,593	358,593	31,776
Total Title I, Part A						700,382	375,830	49,013	358,593	358,593	31,776
Title II, Part A	84.367	I	020-21-0229	9/3/20-9/30/21	F	48,408	54,966	5,304	48,412	48,412	(1,250)
Title IV, Part A	84.424	I	144-20-0229	9/3/19-9/30/20	F	26,696	24,428	2,273	16,816	16,816	(5,339)
Title IV, Part A	84.424	I	144-21-0229	9/3/20-9/30/21	F	26,711	2,273	-	-	-	(2,273)
Total IV, Part A						53,407	26,701	2,273	16,816	16,816	(7,612)
COVID-19 - Education Stabilization Fund (ESF)											
COVID-19 - Governor's Emergency Education Relief (GEER) Fund	84.425C	I	252-20-0229	7/1/20-9/30-21	F	5,000	1,667	-	5,000	5,000	3,333
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	I	200-20-0229	3/13/20-9/30/21	F	289,283	289,283	27,145	262,138	262,138	-
Total Pennsylvania Department of Education						1,096,480	748,447	83,735	690,959	690,959	26,247
Passed Through PA Commission on Crime & Delinquency:											
COVID-19 - Education Stabilization Fund (ESF)											
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	I	2020-ES-01-35237	3/13/20-9/30/22	F	30,089	19,910	-	30,089	30,089	10,179
Total PA Commission on Crime & Delinquency						30,089	19,910	-	30,089	30,089	10,179
Passed Through Central Susquehanna Intermediate Unit											
Special Education—Grants to States (IDEA, Part B)	84.027	I	062-20-0016	7/1/19-9/30/20	F	183,631	77,189	77,189	-	-	-
Special Education—Grants to States (IDEA, Part B)	84.027	I	062-21-0016	7/1/20-9/30/21	F	195,769	73,192	-	195,769	195,769	122,577
Total Special Education-Grants to States (IDEA, Part B)						379,400	150,381	77,189	195,769	195,769	122,577
Special Education—Preschool Grants (IDEA Preschool)	84.173	I	131-19-0016	7/1/19-6/30/20	F	3,210	2,062	2,062	-	-	-
Special Education—Preschool Grants (IDEA Preschool)	84.173	I	131-20-0016	7/1/20-6/30/21	F	1,034	-	-	1,034	1,034	1,034
Total Special Education-Preschool Grants (IDEA Preschool)						4,244	2,062	2,062	1,034	1,034	1,034
Total Central Susquehanna Intermediate Unit						383,644	152,443	79,251	196,803	196,803	123,611
<i>Total Special Education Cluster (IDEA)</i>											
TOTAL U.S. DEPARTMENT OF EDUCATION						1,510,213	920,800	162,986	917,851	917,851	160,037
U.S. DEPARTMENT OF AGRICULTURE											
Passed Through Pennsylvania Department of Education											
National School Lunch Program (NSLP)	10.555	I	N/A	7/1/19/6-30-20	F	N/A	16,394	16,394	-	-	-
National School Lunch Program (NSLP)	10.555	I	N/A	7/1/19/6-30-20	F	N/A	320,112	-	323,381	323,381	3,269
Total National School Lunch Program (NSLP)						N/A	336,506	16,394	323,381	323,381	3,269
National Breakfast Program (SBP)	10.553	I	N/A	7/1/20-6/30/21	F	N/A	8,669	8,669	-	-	-
National Breakfast Program (SBP)	10.553	I	N/A	7/1/20-6/30-21	F	N/A	72,644	-	72,644	72,644	-
Total Breakfast Program (SBP)						N/A	81,313	8,669	72,644	72,644	-
Total Pennsylvania Department of Education						N/A	417,819	25,063	396,025	396,025	3,269
Passed Through Pennsylvania Department of Agriculture											
National School Lunch Program (NSLP)	10.555	I	N/A	7/1/20-6/30/21	F	N/A	31,172	(12,133)	40,043	40,043	(3,262)
Total Pennsylvania Department of Agriculture						N/A	31,172	(12,133)	40,043	40,043	(3,262)
<i>Total Child Nutrition Cluster</i>											
TOTAL U.S. DEPARTMENT OF AGRICULTURE						N/A	448,991	12,930	436,068	436,068	7
TOTAL U.S. DEPARTMENT OF AGRICULTURE						N/A	448,991	12,930	436,068	436,068	7
TOTAL EXPENDITURES OF FEDERAL AWARDS						1,686,778	1,546,356	175,916	1,530,484	1,530,484	160,044

Funding Codes
D=Direct Funding
I=Indirect Funding

Source Codes
F=federal Funding
S=State Funding

LINE MOUNTAIN SCHOOL DISTRICT

Notes to the Schedule of Expenditures of Federal Awards

June 30, 2021

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Line Mountain School District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 – USDA Donated Commodities

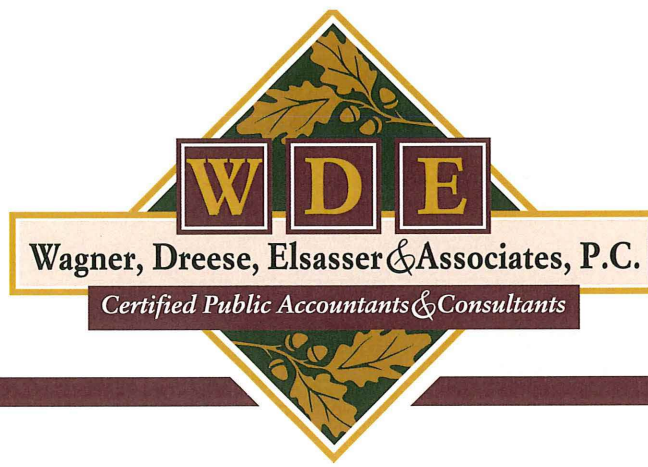
Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2021, the organization had \$3,262 food commodities in inventory.

Note 3 – Indirect Cost Rate

The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4 – Prior Period Adjustment

The District had a prior period adjustment (see Note 15 of the financial report) that is reflected in the beginning balances of the Schedule of Expenditures of Federal Awards. Title I accrued revenues and expenditures were understated by \$18,586. Title II accrued revenues and expenditures were understated by \$5,304. Title IV accrued revenue and expenditures were understated by \$6,010. The corrected accrued revenues are reflected in the Accrued or (Deferred) Revenue 07/01/2020 column.



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

Members of the Board
Line Mountain School District
Herndon, PA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Accounting Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Line Mountain School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Line Mountain School District's basic financial statements, and have issued our report thereon dated April 15, 2022.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of

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

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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Line Mountain School 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

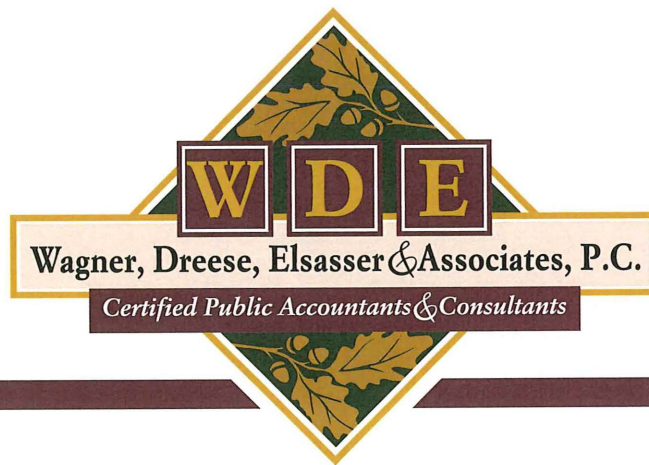
Wagner, Drees, Elsasser + Associates, P.C.

WAGNER, DREESE, ELSASSER & ASSOCIATES, P.C.

Certified Public Accountants and Consultants

Selinsgrove, PA

April 15, 2022



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

Members of the Board
Line Mountain School District
Herndon, PA

Report on Compliance for Each Major Federal Program

We have audited Line Mountain School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Line Mountain School District's major federal programs for the year ended June 30, 2021. Line Mountain School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Line Mountain School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.

Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Line Mountain School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Line Mountain School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

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

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

Wagner Drees Elsassner & Associates, P.C.

WAGNER, DREESE, ELSASSER & ASSOCIATES, P.C.

Certified Public Accountants and Consultants

Selinsgrove, PA

April 15, 2022

LINE MOUNTAIN SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued: Unmodified Opinion

Internal Control over Financial Reporting:
 Significant Deficiencies Identified? _____ Yes X None Reported

Noncompliance Material to Financial Statements Noted? _____ Yes X No

Federal Awards

Internal Control over Major Programs:
 Significant Deficiencies Identified? _____ Yes X None Reported

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

Any Audit Findings Disclosed that are Required to
 be Reported in Accordance with 2 CFR Section 200.516(a) _____ Yes X No

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
84.425 (C&D)	Education Stabilization Fund
21.019	Coronavirus Relief Fund

Dollar Threshold used to Distinguish Between
 Type A and Type B Programs: \$750,000

Auditee Qualified as Low - Risk Auditee: X Yes _____ No

Section II - Financial Statement Findings

There are no Findings to be Reported

Section III - Federal Award Findings and Questioned Costs

There are no Findings to be Reported

LINE MOUNTAIN SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2021

There were no findings or questioned costs for the prior year ended June 30, 2020.