

**MONITEAU
SCHOOL DISTRICT**

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FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020

**MONITEAU**  
**SCHOOL DISTRICT**  
BUTLER COUNTY, PENNSYLVANIA

FINANCIAL STATEMENTS

WITH REPORT BY  
CERTIFIED PUBLIC ACCOUNTANT

**FOR THE YEAR ENDED JUNE 30, 2020**

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**BUTLER COUNTY, PENNSYLVANIA**  
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**BUTLER COUNTY, PENNSYLVANIA**  
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**To the Management and Board of Education  
Moniteau School District**

## **Independent Auditor's Report**

### **Report on Financial Statements**

I have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Moniteau School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School 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**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Moniteau School District'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 Moniteau School District's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

## **Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Moniteau School District as of June 30, 2020 and the respective changes in financial position and, where applicable, cash flows thereof and the 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 iv-x and other required supplementary information on pages 44-52, 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I 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.

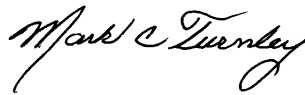
### ***Other Information***

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Moniteau School District'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 also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and were derived from and relate 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 my opinion, the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued my report dated February 8, 2021 on my consideration of the Moniteau School District's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Moniteau School District's internal control over financial reporting and compliance.



Mark C. Turnley, CPA

February 8, 2021  
New Brighton, Pennsylvania

**MONITEAU SCHOOL DISTRICT**  
**Management Discussion and Analysis**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2020**

The discussion and analysis of Moniteau School District's financial performance provides an overall review of the School District's financial activities for the year ended June 30, 2020. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the financial statements and notes to enhance their understanding of the School District's financial performance.

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999.

**Financial Highlights**

Key financial highlights for 2019-2020 are as follows:

- Total General Fund Revenues increased \$102,626 from 2018-19 for a total of \$21,658,177. Local source revenues were \$7,551,551 (primarily real estate taxes) accounting for approximately 34.9% of total revenues. State source revenues were \$13,954,020 accounting for approximately 64.4% of total revenues with Basic Education Subsidy representing 56.3% of that total.
- The flow-through of Pennsylvania State Gaming revenue and the State mandated method of accounting for these funds increased the appearance of state funding sources by \$604,705 resulting in a like decrease in the amount of local funding. This amount represents 2.8% of total revenues.
- Total General Fund Expenditures were \$21,383,285. Salaries and benefits account for approximately 67.8% of the District's expenditures. Other fixed costs of operation such as student transportation, utilities, and contracted education costs account for approximately 29.5% of District expenditures. The remaining expenditures, approximately 4.2% are incurred for items such as educational materials, technology expenditures, student activities and other discretionary costs of operating and educational facility.
- The District ended the year with total general fund balances of \$5,874,302. The unassigned portion of the fund balance was \$1,564,344 (equal to approximately 7.0% of the 2020-2021 operating budget). The assigned portion of the fund balance was \$4,103,515, to be used as financial resources in future periods, possibly funding non-recurring fixed asset acquisitions, contributing toward capital improvement projects and providing for strategic financial planning through periods of revenue uncertainty. The District has historically been able to maintain a 7% of subsequent years budget, unassigned fund balance (formerly called - unreserved/undesignated fund balance - prior to Government Accounting Standards Board Statement # 54), reflecting the financially stable condition that has historically existed. The districts unassigned fund balance is within guidelines established by the Pennsylvania Department of Education.



**MONITEAU SCHOOL DISTRICT**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2020**  
**(Continued)**

**USING THE ANNUAL REPORT**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Moniteau School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and longer-term view of these finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds. In the case of Moniteau School District, the General Fund is by far the most significant fund.

**Reporting the School District as a Whole**

**Governmental-Wide Financial Statements**

*Statement of Net Position and the Statement of Activities*

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2019-2020?" The *Statement of Net Position and the Statement of Activities* answer the question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in net position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, student enrollment, facility conditions, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- Governmental Activities -- Most of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.
- Business-Type Activities -- These services are provided on a charge for goods or services basis to recover the expenses of the goods or services provided. The School District Food Service Fund is reported as a business activity.
- The Governmental-Wide Financial Statements can be found on pages 1 and 2 of this report.

**MONITEAU SCHOOL DISTRICT**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2020**  
**(Continued)**

**Reporting the School District's Most Significant Funds**

**Fund Financial Statements**

The analysis of the School District's major funds begins on page 3. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and capital projects fund.

**Governmental Funds** – Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements on pages 4 and 6.

**Proprietary Funds** – Proprietary funds use the same basis of accounting as business-type activities; therefore, these fund financial statements will essentially match the government-wide financial statements.

**Governmental Activities**

The District's total governmental activities liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources as of June 30, 2020 by \$14,061,419 (net position – deficit). This was an increase of \$796,097 over June 30, 2019. Included in the liabilities recognized is the District's proportionate shares of the Pennsylvania School Employees Retirement System (PSERS) overall net pension obligation and OPEB obligation. For the Moniteau School District, these liabilities stand at \$28,730,430 and \$7,808,977 respectively as of June 30, 2020.

The School District's revenues consist of local (taxes and other), 35.2 percent; and state and federal revenues (subsidies and grants), 64.3 percent.

The School District's program expenses are 54.7 percent instruction, 35.2 percent support services, 4.7 percent non-instructional-other, and 5.2 percent capital outlay/debt service.

The School District's reliance on state and local tax revenue is apparent. A decrease in state revenues would have a direct impact on the level of local revenue needed to meet program expenses.

**Business-Type Activities**

Business-type activities include the food service program. This program had revenue of \$257,670 and expenses of \$785,659. The Food Service Fund received federal and state subsidy support totaling \$560,099. Without support from the federal and state government, food service operations would require additional local revenue through increased pricing structure or from support from the District's General Fund. The Food Service department operated at a profit for the fiscal year ended June 30, 2020 requiring no support from the District's General Fund.

**MONITEAU SCHOOL DISTRICT**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2020**  
**(Continued)**

**The School District as a Whole**

This Statement of Net Position provides the perspective of the School District as a whole.

|                                             | ----- JUNE 30, 2020 -----  |                             |                        | JUNE 30, 2019<br>TOTAL |
|---------------------------------------------|----------------------------|-----------------------------|------------------------|------------------------|
|                                             | GOVERNMENTAL<br>ACTIVITIES | BUSINESS-TYPE<br>ACTIVITIES | TOTAL                  |                        |
| Current Assets                              | \$ 15,334,843              | \$ 201,870                  | \$ 15,536,713          | \$ 9,033,270           |
| Capital Assets                              | 28,210,202                 | 2,294                       | 28,212,496             | 21,301,343             |
| Deferred Outflows of Resources              | 4,557,799                  | 125,483                     | 4,683,282              | 5,377,751              |
| <b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS</b> | <b>\$ 48,102,844</b>       | <b>\$ 329,647</b>           | <b>\$ 48,432,491</b>   | <b>\$ 35,712,364</b>   |
| Current Liabilities                         | \$ 5,563,320               | \$ 24,130                   | \$ 5,587,450           | \$ 3,986,076           |
| Long-term Liabilities                       | 54,690,057                 | 915,153                     | 55,605,210             | 44,391,690             |
| Deferred Inflows of Resources               | 1,910,886                  | 36,000                      | 1,946,886              | 1,288,428              |
| <b>TOTAL LIABILITIES</b>                    | <b>\$ 62,164,263</b>       | <b>\$ 975,283</b>           | <b>\$ 63,139,546</b>   | <b>\$ 49,666,194</b>   |
| Net Investment in                           |                            |                             |                        |                        |
| Capital Assets                              | \$ 9,240,193               | \$ 2,294                    | \$ 9,242,487           | \$ 13,660,886          |
| Restricted                                  | 1,000                      | -                           | 1,000                  | -                      |
| Unrestricted                                | (23,302,612)               | (647,930)                   | (23,950,542)           | (27,614,716)           |
| <b>TOTAL NET POSITION</b>                   | <b>\$ (14,061,419)</b>     | <b>\$ (645,636)</b>         | <b>\$ (14,707,055)</b> | <b>\$ (13,953,830)</b> |

The following table shows the revenues, expenses, and changes in net position for the fiscal year 2020 as compared to fiscal year 2019.

|                                      | ----- JUNE 30, 2020 -----  |                             |                      | 6/30/2019<br>TOTAL    |
|--------------------------------------|----------------------------|-----------------------------|----------------------|-----------------------|
|                                      | GOVERNMENTAL<br>ACTIVITIES | BUSINESS-TYPE<br>ACTIVITIES | TOTAL                |                       |
| <b>REVENUES</b>                      |                            |                             |                      |                       |
| <b>Program Revenues:</b>             |                            |                             |                      |                       |
| Charges for Services                 | \$ 40,382                  | \$ 257,670                  | \$ 298,052           | \$ 410,524            |
| Operating Grants and Contributions   | 5,811,583                  | 560,099                     | 6,371,682            | 6,263,540             |
| Capital Grants and Contributions     | 433,095                    | -                           | 433,095              | 433,641               |
| <b>General Revenues:</b>             |                            |                             |                      |                       |
| Property and Other Taxes             | 6,661,252                  | -                           | 6,661,252            | 6,594,358             |
| Grants, Subsidies and Contributions  | 8,463,464                  | -                           | 8,463,464            | 8,365,959             |
| Investment Earnings                  | 120,726                    | 478                         | 121,204              | 151,430               |
| Miscellaneous Income                 | 107,737                    | -                           | 107,737              | 124,115               |
| Transfers and Other                  | 40,509                     | -                           | 40,509               | 99,330                |
| <b>TOTAL REVENUES</b>                | <b>\$ 21,678,748</b>       | <b>\$ 818,247</b>           | <b>\$ 22,496,995</b> | <b>\$ 22,442,897</b>  |
| <b>EXPENSES</b>                      |                            |                             |                      |                       |
| Instruction                          | \$ 13,234,914              | \$ -                        | \$ 13,234,914        | \$ 13,268,448         |
| Instructional Student Support        | 1,503,398                  | -                           | 1,503,398            | 1,578,462             |
| Administrative and Financial Support | 2,440,790                  | -                           | 2,440,790            | 2,200,636             |
| Operation and Maintenance of Plant   | 2,455,908                  | -                           | 2,455,908            | 2,612,242             |
| Pupil Transportation                 | 1,413,100                  | -                           | 1,413,100            | 1,867,102             |
| Student Activities                   | 533,408                    | -                           | 533,408              | 547,764               |
| Community Services                   | 437,706                    | -                           | 437,706              | 524,421               |
| Interest on Long-term Debt           | 322,063                    | -                           | 322,063              | 235,885               |
| Capital Outlay                       | 82,758                     | -                           | 82,758               | 3,845                 |
| Refund of Prior Year Receipts        | 7                          | -                           | 7                    | -                     |
| Food Services                        | -                          | 785,659                     | 785,659              | 801,630               |
| Transfers and Other                  | -                          | 40,509                      | 40,509               | 99,330                |
| <b>TOTAL EXPENSES</b>                | <b>\$ 22,424,052</b>       | <b>\$ 826,168</b>           | <b>\$ 23,250,220</b> | <b>\$ 23,739,765</b>  |
| <b>CHANGE IN NET POSITION</b>        | <b>\$ (745,304)</b>        | <b>\$ (7,921)</b>           | <b>\$ (753,225)</b>  | <b>\$ (1,296,868)</b> |

**MONITEAU SCHOOL DISTRICT**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2020**  
**(Continued)**

**School District Funds**

Financial information related to the School District's major funds starts on page 3. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$21,658,177 and expenditures of \$21,383,285. The net increase in fund balances was \$274,892.

**General Fund Budget Highlights**

The School District's budget is prepared on the modified accrual basis of accounting. The most significant budgeted fund is the general fund. The School Board authorized any necessary Budget Transfers as of June 30, 2020 resulting from auditing and closing the 2019-2020 books. Ratification of necessary transfers is requested simultaneously with approval of the audited financial statements.

The revenue budget was \$21,705,724 Actual revenue of \$22,496,995 was higher than budget amounts by \$791,271. Local revenue was under budget by \$254,136, state and federal revenues were over budget by \$1,045,407.

The expenditure budget (exclusive of Operating Transfers and Budgetary Reserve) was \$21,705,724 compared to actual expenditures of \$23,250,220. This difference of \$1,544,496 is approximately .071% of the total budget.

**Capital Asset and Debt Administration**

**Capital Assets**

At June 30, 2020, the District had \$28,212,496 (net of depreciation \$19,371,452) invested in a broad range of capital assets, including land, buildings, construction in progress, furniture and equipment.

**Debt Administration**

As of July 1, 2019, the District had total general obligation bonds outstanding of \$7,685,000 from the General Obligation Bonds, Series of 2015 and General Obligation Bonds, Series A of 2010 (Note 9). During 2019-2020, the District issued General Obligation Notes, Series of 2020 in the amount of \$18,330,000. A portion of the General Obligation Notes were used to refund, on a current refunding basis, the District's General Obligation Bonds Series 2015 and Series A of 2010. The District made payments against principal of \$7,685,000. Ending outstanding debt as of June 30, 2020 was \$18,330,000. The District is scheduled to make principal payments on this debt totaling \$395,000 during the 2020-21 fiscal year.

The District also entered into a capital lease during 2019-2020 for Aerobic Equipment totaling \$60,196. During 2019-2020, the District made principal payments of \$11,230. Ending outstanding lease debt as of June 30, 2020 was \$48,966. The District is scheduled to make principal payments on this debt totaling \$11,621 during the 2020-2021 fiscal year.

**MONITEAU SCHOOL DISTRICT**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2020**  
**(Continued)**

**Debt Administration (Continued)**

The District also shares in Debt Obligations of the Butler County Area Vocational Technical School Authority (Authority). The Authority issued bonds during the 2015-2016 refunding previously issued bonds from 2010-2011 school year. The 2010-2011 Bond Issue was originally issued to finance major renovations projects at the Butler County Area Vocational Technical School. The District June 30, 2020 share of the underlying debt obligation of the Authority is \$592,766.

Other long-term obligations include accrued vacation pay and sick leave for specific employees of the District, as well as retirement incentive and retiree health insurance obligations. More detailed information about our long-term liabilities is included in Notes 9 and 12 to the financial statements.

The District is in compliance with Government Accounting Standards Board Statement Number 75 (GASB 75), which requires information presented in these financial statements. Actuarial computations under GASB 75 are for purposes of fulfilling certain employer accounting requirements pertaining to Postemployment Benefits Plans. This evaluation is required every two fiscal years based on the number of participants in the plan and the total budget of the district. Revised evaluations may be required in the interim if there is significant modifications to applicable employee benefit provisions. The complete Actuarial Report for the Moniteau School District is on file at the District Administration Office.

**For the Future**

Projecting the financial outlook of a School District can be difficult due to various factors. Maintaining a year to year Fund Balance is essential to safeguard against unanticipated fluctuations in significant revenue sources and unanticipated costs. State support for education in the District, has historically accounted for approximately 2/3rds of revenue resources. With no continuity to a defined commitment to a funding mechanism for various state subsidies, long term projections can not be defined with certainty. This reality adversely affects the districts ability to plot a consistent educational course of action, having to plan on a year to year basis, contingent upon awaiting information from the State on what and how supporting funds will be forthcoming.

The ongoing publicity of the condition of the Pennsylvania State budget causes concern for Pennsylvania School Districts. A healthy Moniteau School District fund balance continues to provide a short-term buffer to assist in providing a non-permanent means of financial support for necessary educational expenditures. Decrease in state funding support and Act 1 limiting districts abilities to increase local real estate tax rates to support necessary educational expenditures could potentially erode the Districts Fund Balance.

Caution must be used in utilizing Fund Balances to assist in balancing operating budgets. Projections must indicate that revenues will meet expenditure needs, before Fund Balances are dissolved.

Continued uncertainty of the State and Federal Governments response to the current state of the economy is cause for concern due to the potential for a material impact on the Districts reliance on revenues from these sources.

**MONITEAU SCHOOL DISTRICT**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2020**  
**(Continued)**

**For the Future (continued)**

The District does not expect significant growth in the near future given the residential nature of the local economy.

Major renovations and additions at both the Dassa McKinney Elementary School and the Moniteau Jr/Sr High (Administration) occurred in the first decade of the 21<sup>st</sup> century. The District's Board continues to maintain fiscal responsibility implementing long term facility plans. This approach continues a focus on long-range facility maintenance planning, maximizing the districts investment in its facilities. A major project in conjunction with strategic Debt took place in the summer of 2020.

The uncertainty of the general effect of the over-all U.S., State and Regional economy will continue to provide a challenge for the district in budgeting. Special education costs are dependent on student needs and can fluctuate significantly on a year to year basis. Enrollment and/or withdrawal of severely handicapped students can cause this expenditure to fluctuate. Employee pension obligations and health care costs contribute significantly to staffing costs, an essential element in operating an educational institution. The District anticipates a third year of favorable experience as a participant in the self funded Midwestern Health Combine. Nonetheless, Health care costs continue to increase with no change to this reality in sight. Student enrollment in Cyber Charter Schools appears to have stabilized however the total associated cost remains as a significant District expense. While the district does prepare a budget with a modest reserve each year for unexpected emergencies, this expenditure is dependent upon actual experience during the fiscal year.

Stability and growth depend upon the general economic conditions, including the unemployment rate of the District's taxpayers. The cost of operations is anticipated to continue to increase, which will be funded to the extent possible with available revenue sources.

**Percentage Comparison - Next Years Budgeted vs. Audit Year Actual**

|               | <u>2020-21 Budgeted</u> | <u>Revenues</u><br>2019-20 Actual | <u>2018-19 Actual</u> |
|---------------|-------------------------|-----------------------------------|-----------------------|
| Local         | 34.5%                   | 34.9%                             | 35.2%                 |
| State         | 62.7%                   | 64.4%                             | 64.1%                 |
| Federal/Other | 2.8%                    | .7%                               | .7%                   |

|                                     | <u>2020-21 Budgeted</u> | <u>Expenditures</u><br>2019-20 Actual | <u>2018-19 Actual</u> |
|-------------------------------------|-------------------------|---------------------------------------|-----------------------|
| Instruction                         | 54.1%                   | 56.7%                                 | 54.8%                 |
| Support Services                    | 15.7%                   | 15.7%                                 | 15.5%                 |
| Operation & Maintenance of Plant    | 10.7%                   | 10.8%                                 | 11.3%                 |
| Student Transportation              | 8.5%                    | 6.6%                                  | 8.4%                  |
| Student Activities                  | 2.4%                    | 2.3%                                  | 2.3%                  |
| Community Services                  | 1.1%                    | 2.0%                                  | 2.4%                  |
| Debt Service / Capital Outlay/Other | 7.5%                    | 5.9%                                  | 5.3%                  |

**MONITEAU SCHOOL DISTRICT**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2020**  
**(Continued)**

**Contacting the District Financial Management**

The financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact Peg Burdick, Business Manager/Board Secretary at Moniteau School District, 1810 West Sunbury Road, West Sunbury, Pennsylvania 16061. email - [pburdick@moniteau.org](mailto:pburdick@moniteau.org)

**Visit us at our website - [www.moniteau.org](http://www.moniteau.org)**

**MONITEAU SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

**EXHIBIT A**

|                                                                           | <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> | <b>Total</b>           |
|---------------------------------------------------------------------------|------------------------------------|-------------------------------------|------------------------|
| <b>ASSETS</b>                                                             |                                    |                                     |                        |
| <b>Current Assets:</b>                                                    |                                    |                                     |                        |
| Cash and Cash Equivalents                                                 | \$ 13,351,896                      | \$ 48,396                           | \$ 13,400,292          |
| Investments                                                               | 3,081                              | -                                   | 3,081                  |
| Taxes Receivable (net)                                                    | 473,810                            | -                                   | 473,810                |
| Internal Balances                                                         | (96,499)                           | 96,499                              | -                      |
| Due From Other Governments                                                | 1,386,181                          | 6,500                               | 1,392,681              |
| Other Receivables                                                         | 10,931                             | 11,502                              | 22,433                 |
| Inventories                                                               | -                                  | 38,973                              | 38,973                 |
| Prepaid Expenses                                                          | 205,443                            | -                                   | 205,443                |
| <b>Total Current Assets</b>                                               | <b>\$ 15,334,843</b>               | <b>\$ 201,870</b>                   | <b>\$ 15,536,713</b>   |
| <b>Noncurrent Assets:</b>                                                 |                                    |                                     |                        |
| Land                                                                      | \$ 14,882                          | \$ -                                | \$ 14,882              |
| Site Improvements (net)                                                   | 833,928                            | -                                   | 833,928                |
| Building & Building Improvements (net)                                    | 19,040,628                         | -                                   | 19,040,628             |
| Furniture & Equipment (net)                                               | 621,866                            | 2,294                               | 624,160                |
| Construction in Progress                                                  | 7,698,898                          | -                                   | 7,698,898              |
| <b>Total Noncurrent Assets</b>                                            | <b>\$ 28,210,202</b>               | <b>\$ 2,294</b>                     | <b>\$ 28,212,496</b>   |
| <b>TOTAL ASSETS</b>                                                       | <b>\$ 43,545,045</b>               | <b>\$ 204,164</b>                   | <b>\$ 43,749,209</b>   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                     |                                    |                                     |                        |
| Deferred Outflows Related to OPEB                                         | \$ 657,243                         | \$ 4,847                            | \$ 662,090             |
| Deferred Outflows Related to Pension                                      | 3,900,556                          | 120,636                             | 4,021,192              |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>                               | <b>\$ 4,557,799</b>                | <b>\$ 125,483</b>                   | <b>\$ 4,683,282</b>    |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>                    | <b>\$ 48,102,844</b>               | <b>\$ 329,647</b>                   | <b>\$ 48,432,491</b>   |
| <b>LIABILITIES</b>                                                        |                                    |                                     |                        |
| <b>Current Liabilities:</b>                                               |                                    |                                     |                        |
| Accounts Payable                                                          | \$ 2,729,110                       | \$ -                                | \$ 2,729,110           |
| Notes Payable - Current Portion                                           | 395,000                            | -                                   | 395,000                |
| Lease Payable - Current Portion                                           | 11,621                             | -                                   | 11,621                 |
| Accrued Interest                                                          | 140,974                            | -                                   | 140,974                |
| Accrued Salaries and Benefits                                             | 1,433,678                          | -                                   | 1,433,678              |
| Unearned Revenue                                                          | 5,030                              | 24,130                              | 29,160                 |
| Payroll Deductions and Withholdings                                       | 847,907                            | -                                   | 847,907                |
| <b>Total Current Liabilities</b>                                          | <b>\$ 5,563,320</b>                | <b>\$ 24,130</b>                    | <b>\$ 5,587,450</b>    |
| <b>Noncurrent Liabilities:</b>                                            |                                    |                                     |                        |
| Notes Payable - Long-Term Portion (Net)                                   | \$ 18,526,043                      | \$ -                                | \$ 18,526,043          |
| Lease Payable - Long-Term Portion                                         | 37,345                             | -                                   | 37,345                 |
| Compensated Absences                                                      | 285,758                            | 5,433                               | 291,191                |
| Net Pension Liability                                                     | 28,134,850                         | 870,150                             | 29,005,000             |
| Net OPEB Obligation                                                       | 7,706,061                          | 39,570                              | 7,745,631              |
| <b>Total Noncurrent Liabilities</b>                                       | <b>\$ 54,690,057</b>               | <b>\$ 915,153</b>                   | <b>\$ 55,605,210</b>   |
| <b>TOTAL LIABILITIES</b>                                                  | <b>\$ 60,253,377</b>               | <b>\$ 939,283</b>                   | <b>\$ 61,192,660</b>   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                      |                                    |                                     |                        |
| Deferred Inflows Related to Pension                                       | \$ 1,118,410                       | \$ 34,590                           | \$ 1,153,000           |
| Deferred Inflows Related to OPEB                                          | 792,476                            | 1,410                               | 793,886                |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                                | <b>\$ 1,910,886</b>                | <b>\$ 36,000</b>                    | <b>\$ 1,946,886</b>    |
| <b>NET POSITION</b>                                                       |                                    |                                     |                        |
| Net Investment in Capital Assets                                          | \$ 9,240,193                       | \$ 2,294                            | \$ 9,242,487           |
| Restricted                                                                | 1,000                              | -                                   | 1,000                  |
| Unrestricted                                                              | (23,302,612)                       | (647,930)                           | (23,950,542)           |
| <b>TOTAL NET POSITION (Deficit)</b>                                       | <b>\$ (14,061,419)</b>             | <b>\$ (645,636)</b>                 | <b>\$ (14,707,055)</b> |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b> | <b>\$ 48,102,844</b>               | <b>\$ 329,647</b>                   | <b>\$ 48,432,491</b>   |

The accompanying notes are an integral part of these financial statements



**MONITEAU SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**EXHIBIT B**

| Functions/Programs                                        | Expenses             | Program Revenues     |                                    |                                  | Net (Expense) Revenue and Changes in Net Position |                          |                        |
|-----------------------------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|---------------------------------------------------|--------------------------|------------------------|
|                                                           |                      | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities                           | Business-Type Activities | Total                  |
| <b>Governmental Activities:</b>                           |                      |                      |                                    |                                  |                                                   |                          |                        |
| Instruction                                               | \$ 13,234,914        | \$ -                 | \$ 3,698,543                       | \$ -                             | \$ (9,536,371)                                    |                          | \$ (9,536,371)         |
| Instructional Student Support                             | 1,503,398            | -                    | 232,703                            | -                                | (1,270,695)                                       |                          | (1,270,695)            |
| Administrative and Financial Support Services             | 2,440,790            | -                    | 264,649                            | -                                | (2,176,141)                                       |                          | (2,176,141)            |
| Operation and Maintenance of Plant Services               | 2,455,908            | 14,011               | 255,602                            | -                                | (2,186,295)                                       |                          | (2,186,295)            |
| Pupil Transportation                                      | 1,413,100            | -                    | 1,308,191                          | -                                | (104,909)                                         |                          | (104,909)              |
| Student Activities                                        | 533,408              | 26,371               | 51,895                             | -                                | (455,142)                                         |                          | (455,142)              |
| Community Services                                        | 437,706              | -                    | -                                  | -                                | (437,706)                                         |                          | (437,706)              |
| Capital Outlay                                            | 82,758               | -                    | -                                  | -                                | (82,758)                                          |                          | (82,758)               |
| Interest on Long-Term Debt                                | 322,063              | -                    | -                                  | 433,095                          | 111,032                                           |                          | 111,032                |
| Refund of Prior Year Receipts                             | 7                    | -                    | -                                  | -                                | (7)                                               |                          | (7)                    |
| <b>Total Governmental Activities</b>                      | <b>\$ 22,424,052</b> | <b>\$ 40,382</b>     | <b>\$ 5,811,583</b>                | <b>\$ 433,095</b>                | <b>\$ (16,138,992)</b>                            |                          | <b>\$ (16,138,992)</b> |
| <b>Business-Type activities:</b>                          |                      |                      |                                    |                                  |                                                   |                          |                        |
| Food Service                                              | \$ 785,659           | \$ 257,670           | \$ 560,099                         | \$ -                             | \$ -                                              | \$ 32,110                | \$ 32,110              |
| <b>Total Business-Type Activities</b>                     | <b>\$ 785,659</b>    | <b>\$ 257,670</b>    | <b>\$ 560,099</b>                  | <b>\$ -</b>                      | <b>\$ -</b>                                       | <b>\$ 32,110</b>         | <b>\$ 32,110</b>       |
| <b>Total Primary Government</b>                           | <b>\$ 23,209,711</b> | <b>\$ 298,052</b>    | <b>\$ 6,371,682</b>                | <b>\$ 433,095</b>                | <b>\$ (16,138,992)</b>                            | <b>\$ 32,110</b>         | <b>\$ (16,106,882)</b> |
| <b>General Revenues:</b>                                  |                      |                      |                                    |                                  |                                                   |                          |                        |
| Taxes:                                                    |                      |                      |                                    |                                  |                                                   |                          |                        |
| Property Taxes, Levied for General Purposes (net)         |                      |                      |                                    |                                  | \$ 5,506,014                                      | \$ -                     | \$ 5,506,014           |
| Other Taxes, Levied for General Purposes                  |                      |                      |                                    |                                  | 1,155,238                                         | -                        | 1,155,238              |
| Property Tax Relief Payment                               |                      |                      |                                    |                                  | 604,705                                           | -                        | 604,705                |
| Grants and Contributions - Unrestricted                   |                      |                      |                                    |                                  | 7,858,759                                         | -                        | 7,858,759              |
| Investment Earnings                                       |                      |                      |                                    |                                  | 120,726                                           | 478                      | 121,204                |
| Miscellaneous Income                                      |                      |                      |                                    |                                  | 107,737                                           | -                        | 107,737                |
| Transfers between Governmental & Business-Type Activities |                      |                      |                                    |                                  | 40,509                                            | (40,509)                 | -                      |
| <b>Total General Revenues</b>                             |                      |                      |                                    |                                  | <b>\$ 15,393,688</b>                              | <b>\$ (40,031)</b>       | <b>\$ 15,353,657</b>   |
| <b>Change in Net Position</b>                             |                      |                      |                                    |                                  | <b>\$ (745,304)</b>                               | <b>\$ (7,921)</b>        | <b>\$ (753,225)</b>    |
| Net Position — July 1, 2019 (Deficit)                     |                      |                      |                                    |                                  | (13,265,322)                                      | (688,508)                | (13,953,830)           |
| Prior Period Adjustment                                   |                      |                      |                                    |                                  | (50,793)                                          | 50,793                   | -                      |
| <b>Net Position — June 30, 2020 (Deficit)</b>             |                      |                      |                                    |                                  | <b>\$ (14,061,419)</b>                            | <b>\$ (645,636)</b>      | <b>\$ (14,707,055)</b> |

The accompanying notes are an integral part of these financial statements

**MONITEAU SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUND - GENERAL FUND**  
**JUNE 30, 2020**

**EXHIBIT C**

|                                                                               | <b>GENERAL FUND</b> | <b>CAPITAL<br/>PROJECTS<br/>FUND</b> | <b>TOTAL<br/>GOVERNMENTAL<br/>FUNDS</b> |
|-------------------------------------------------------------------------------|---------------------|--------------------------------------|-----------------------------------------|
| <b>ASSETS:</b>                                                                |                     |                                      |                                         |
| Cash and Cash Equivalents                                                     | \$ 6,856,324        | \$ 6,495,572                         | \$ 13,351,896                           |
| Investments                                                                   | 3,081               | -                                    | 3,081                                   |
| Taxes Receivable (net)                                                        | 483,359             | -                                    | 483,359                                 |
| Due From Other Governments                                                    | 1,386,181           | -                                    | 1,386,181                               |
| Other Receivables                                                             | 10,931              | -                                    | 10,931                                  |
| Prepaid Expenses                                                              | 205,443             | -                                    | 205,443                                 |
| <b>TOTAL ASSETS</b>                                                           | <b>\$ 8,945,319</b> | <b>\$ 6,495,572</b>                  | <b>\$ 15,440,891</b>                    |
| <b>LIABILITIES AND FUND BALANCES</b>                                          |                     |                                      |                                         |
| <b>LIABILITIES:</b>                                                           |                     |                                      |                                         |
| Accounts Payable                                                              | \$ 345,057          | \$ 2,384,053                         | \$ 2,729,110                            |
| Due to Other Funds                                                            | 96,499              | -                                    | 96,499                                  |
| Accrued Salaries and Benefits                                                 | 1,433,678           | -                                    | 1,433,678                               |
| Payroll Deductions and Withholdings                                           | 847,907             | -                                    | 847,907                                 |
| Unearned Revenue                                                              | 5,030               | -                                    | 5,030                                   |
| <b>TOTAL LIABILITIES</b>                                                      | <b>\$ 2,728,171</b> | <b>\$ 2,384,053</b>                  | <b>\$ 5,112,224</b>                     |
| <b>DEFERRED INFLOW OF RESOURCES:</b>                                          |                     |                                      |                                         |
| Delinquent Real Estate Taxes                                                  | \$ 342,846          | \$ -                                 | \$ 342,846                              |
| <b>TOTAL DEFERRED INFLOW OF RESOURCES</b>                                     | <b>\$ 342,846</b>   | <b>\$ -</b>                          | <b>\$ 342,846</b>                       |
| <b>FUND BALANCES:</b>                                                         |                     |                                      |                                         |
| Nonspendable                                                                  | \$ 205,443          | \$ -                                 | \$ 205,443                              |
| Assigned                                                                      | 4,103,515           | -                                    | 4,103,515                               |
| Restricted                                                                    | 1,000               | 4,111,519                            | 4,112,519                               |
| Unassigned                                                                    | 1,564,344           | -                                    | 1,564,344                               |
| <b>TOTAL FUND BALANCES</b>                                                    | <b>\$ 5,874,302</b> | <b>\$ 4,111,519</b>                  | <b>\$ 9,985,821</b>                     |
| <b>TOTAL LIABILITIES, DEFERRED INFLOW OF<br/>RESOURCES, AND FUND BALANCES</b> | <b>\$ 8,945,319</b> | <b>\$ 6,495,572</b>                  | <b>\$ 15,440,891</b>                    |

The accompanying notes are an integral part of these financial statements

**MONITEAU SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

**Total Fund Balances - Governmental Funds** **\$ 9,985,821**

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

Capital assets used in governmental activities are not financial resources, and therefore, are not reported as assets in governmental funds. The cost of assets is \$47,506,793, and the accumulated depreciation is \$19,296,591. 28,210,202

Property and wage taxes receivable in the statement of net position, which will not be available soon enough to pay for the current period's expenditures, are deferred and not recognized as revenue in governmental funds. 333,297

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

Deferred outflows of resources related to pensions 3,900,556

Deferred outflows of resources related to OPEB 657,243

Deferred inflows of resources related to pensions (1,118,410)

Deferred inflows of resources related to OPEB (792,476)

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

|                              |                  |                     |
|------------------------------|------------------|---------------------|
| Notes Payable                | \$ 18,330,000    |                     |
| Lease Payable                | 48,966           |                     |
| Bond Premiums                | 591,043          |                     |
| Accrued Interest on Debt     | 140,974          |                     |
| Net Pension Liability        | 28,134,850       |                     |
| Accrued Compensated Absences | 285,758          |                     |
| Net OPEB Liability           | <u>7,706,061</u> | <u>(55,237,652)</u> |

**TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES** **\$ (14,061,419)**

**MONITEAU SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUND - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2020**

|                                                               | <u>GENERAL FUND</u>  | <u>CAPITAL<br/>PROJECTS<br/>FUND</u> | <u>TOTAL<br/>GOVERNMENTAL<br/>FUNDS</u> |
|---------------------------------------------------------------|----------------------|--------------------------------------|-----------------------------------------|
| <b>REVENUES</b>                                               |                      |                                      |                                         |
| Local Sources                                                 | \$ 7,551,551         | \$ 15,699                            | \$ 7,567,250                            |
| State Sources                                                 | 13,954,020           | -                                    | 13,954,020                              |
| Federal Sources                                               | 112,097              | -                                    | 112,097                                 |
| <b>Total Revenues</b>                                         | <b>\$ 21,617,668</b> | <b>\$ 15,699</b>                     | <b>\$ 21,633,367</b>                    |
| <b>EXPENDITURES</b>                                           |                      |                                      |                                         |
| Instruction                                                   | \$ 12,123,138        | \$ -                                 | \$ 12,123,138                           |
| Support Services                                              | 7,066,622            | 259,693                              | 7,326,315                               |
| Noninstructional Services                                     | 939,726              | -                                    | 939,726                                 |
| Capital Outlay                                                | 97,246               | 7,847,111                            | 7,944,357                               |
| Debt Service                                                  | 1,156,546            | 6,721,435                            | 7,877,981                               |
| <b>Total Expenditures</b>                                     | <b>\$ 21,383,278</b> | <b>\$ 14,828,239</b>                 | <b>\$ 36,211,517</b>                    |
| <b>Excess ( Deficiency) of Revenues<br/>over Expenditures</b> | <b>\$ 234,390</b>    | <b>\$ (14,812,540)</b>               | <b>\$ (14,578,150)</b>                  |
| <b>OTHER FINANCING SOURCES (USES)</b>                         |                      |                                      |                                         |
| Operating Transfers In                                        | \$ 40,509            | \$ -                                 | \$ 40,509                               |
| Refund of Prior Year Receipts                                 | (7)                  | -                                    | (7)                                     |
| Bond Proceeds                                                 | -                    | 18,330,000                           | 18,330,000                              |
| Original Issue Premium                                        | -                    | 594,059                              | 594,059                                 |
| <b>Total Other Financing Sources (Uses)</b>                   | <b>\$ 40,502</b>     | <b>\$ 18,924,059</b>                 | <b>\$ 18,964,561</b>                    |
| <b>NET CHANGE IN FUND BALANCES</b>                            | <b>\$ 274,892</b>    | <b>\$ 4,111,519</b>                  | <b>\$ 4,386,411</b>                     |
| FUND BALANCE - JULY 1, 2019                                   | 5,650,203            | -                                    | 5,650,203                               |
| Prior Period Adjustment                                       | (50,793)             | -                                    | (50,793)                                |
| <b>FUND BALANCE - JUNE 30, 2020</b>                           | <b>\$ 5,874,302</b>  | <b>\$ 4,111,519</b>                  | <b>\$ 9,985,821</b>                     |

The accompanying notes are an integral part of these financial statements

**MONITEAU SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENT FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** **\$ 4,386,411**

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

|                                                                                                                                                                                                                                                                                                                                                                                         |                     |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$7,969,626) exceeded depreciation expense (\$1,057,557) during the fiscal year.                                             | 6,912,069           |
| Governmental funds report district pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.                                                                                                                                                                    | (563,677)           |
| Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.                                                                                                                                                                                                                              | 7,696,230           |
| Bond premiums are reported in governmental funds as revenues. However, in the statement of activities, this amount is capitalized and is accreted over the life of the bond issue as interest expense.                                                                                                                                                                                  | (591,043)           |
| Proceeds from long-term debt obligations are recorded as revenues in the governmental funds. However, in the statement of net assets, these proceeds and related bond issue costs are recognized as long-term liabilities and contra-liabilities.                                                                                                                                       | (18,390,196)        |
| Bond discount costs are reported in governmental funds as expenditures. However, in the statement of activities, these costs are capitalized and amortized over the life of the note as interest expense.                                                                                                                                                                               | (27,688)            |
| Deferred interest on bond refundings is recognized in the government-wide financial statements when bonds are refunded and amortized over the life of the bond issue as interest expense.                                                                                                                                                                                               | (16,855)            |
| In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.                                                                                                                                                                                                                                  | (85,459)            |
| In the statement of activities, certain operating expenses - compensated absences and retiree health benefits - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid). This amount represents benefits paid in excess of the amounts earned for 2019-2020. | (69,967)            |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.                                                                                                                                                                                                                                             | 4,871               |
| <b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>                                                                                                                                                                                                                                                                                                                                | <b>\$ (745,304)</b> |

The accompanying notes are an integral part of these financial statements

**MONITEAU SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES, BUDGET AND ACTUAL**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

|                                                               | Budgeted Amounts     |                      | Actual               | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------------------------------|----------------------|----------------------|----------------------|---------------------------------------------------------|
|                                                               | Original             | Final                | (Budgetary Basis)    | (Negative)                                              |
| <b>REVENUES</b>                                               |                      |                      |                      |                                                         |
| Local Sources                                                 | \$ 7,420,184         | \$ 7,420,184         | \$ 7,551,551         | \$ 131,367                                              |
| State Sources                                                 | 14,302,598           | 14,302,598           | 13,954,020           | (348,578)                                               |
| Federal Sources                                               | 53,910               | 53,910               | 112,097              | 58,187                                                  |
| <b>Total Revenues</b>                                         | <b>\$ 21,776,692</b> | <b>\$ 21,776,692</b> | <b>\$ 21,617,668</b> | <b>\$ (159,024)</b>                                     |
| <b>EXPENDITURES</b>                                           |                      |                      |                      |                                                         |
| Regular Programs                                              | \$ 8,978,305         | \$ 8,978,308         | \$ 8,605,308         | \$ 373,000                                              |
| Special Programs                                              | 2,621,828            | 2,621,826            | 3,128,354            | (506,528)                                               |
| Vocational Programs                                           | 458,154              | 458,153              | 386,114              | 72,039                                                  |
| Other Instructional Programs                                  | 13,740               | 13,740               | 3,362                | 10,378                                                  |
| Pupil Personnel Services                                      | 544,223              | 512,336              | 477,685              | 34,651                                                  |
| Instructional Staff Services                                  | 674,507              | 708,881              | 679,283              | 29,598                                                  |
| Administrative Services                                       | 1,411,890            | 1,409,403            | 1,451,403            | (42,000)                                                |
| Pupil Health                                                  | 205,654              | 205,655              | 209,381              | (3,726)                                                 |
| Business Services                                             | 345,724              | 345,726              | 334,697              | 11,029                                                  |
| Operation & Maintenance of Plant Services                     | 2,574,308            | 2,599,485            | 2,305,933            | 293,552                                                 |
| Student Transportation Services                               | 1,858,258            | 1,858,258            | 1,408,670            | 449,588                                                 |
| Central Services                                              | 186,991              | 200,761              | 185,872              | 14,889                                                  |
| Other Support Services                                        | 13,771               | -                    | 13,698               | (13,698)                                                |
| Student Activities                                            | 496,544              | 496,543              | 502,020              | (5,477)                                                 |
| Community Services                                            | 469,525              | 469,525              | 437,706              | 31,819                                                  |
| Capital Outlay                                                | 25,178               | -                    | 97,246               | (97,246)                                                |
| Debt Service (Principal & Interest)                           | 1,156,546            | 1,156,546            | 1,156,546            | -                                                       |
| <b>Total Expenditures</b>                                     | <b>\$ 22,035,146</b> | <b>\$ 22,035,146</b> | <b>\$ 21,383,278</b> | <b>\$ 651,868</b>                                       |
| <b>Excess ( Deficiency) of Revenues<br/>over Expenditures</b> | <b>\$ (258,454)</b>  | <b>\$ (258,454)</b>  | <b>\$ 234,390</b>    | <b>\$ 492,844</b>                                       |
| <b>OTHER FINANCING SOURCES (USES)</b>                         |                      |                      |                      |                                                         |
| Operating Transfers In                                        | \$ 53,044            | \$ 53,044            | \$ 40,509            | \$ (12,535)                                             |
| Refund Prior Year Receipts                                    | -                    | -                    | (7)                  | (7)                                                     |
| Budgetary Reserve                                             | (407,147)            | (407,147)            | -                    | 407,147                                                 |
| <b>Total Other Financing Sources (Uses)</b>                   | <b>\$ (354,103)</b>  | <b>\$ (354,103)</b>  | <b>\$ 40,502</b>     | <b>\$ 394,605</b>                                       |
| <b>NET CHANGE IN FUND BALANCES</b>                            | <b>\$ (612,557)</b>  | <b>\$ (612,557)</b>  | <b>\$ 274,892</b>    | <b>\$ 887,449</b>                                       |
| FUND BALANCE - JULY 1, 2019                                   | 5,677,968            | 5,677,968            | 5,650,203            | (27,765)                                                |
| Prior Period Adjustment                                       | -                    | -                    | (50,793)             | (50,793)                                                |
| <b>FUND BALANCE - JUNE 30, 2020</b>                           | <b>\$ 5,065,411</b>  | <b>\$ 5,065,411</b>  | <b>\$ 5,874,302</b>  | <b>\$ 859,684</b>                                       |

The accompanying notes are an integral part of these financial statements

**MONITEAU SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2020**

|                                                                               | <b>FOOD<br/>SERVICES</b> |
|-------------------------------------------------------------------------------|--------------------------|
| <b>ASSETS</b>                                                                 |                          |
| <b>Current Assets:</b>                                                        |                          |
| Cash and Cash Equivalents                                                     | \$ 48,396                |
| Due from Other Governmental Units                                             | 6,500                    |
| Due from Other Funds                                                          | 96,499                   |
| Other Accounts Receivable                                                     | 11,502                   |
| Inventories                                                                   | 38,973                   |
| <b>TOTAL CURRENT ASSETS</b>                                                   | <b>\$ 201,870</b>        |
| <b>Noncurrent Assets:</b>                                                     |                          |
| Furniture and Equipment                                                       | \$ 2,294                 |
| <b>TOTAL NONCURRENT ASSETS</b>                                                | <b>\$ 2,294</b>          |
| <b>TOTAL ASSETS</b>                                                           | <b>\$ 204,164</b>        |
| <b>Deferred Outflows of Resources:</b>                                        |                          |
| Deferred Outflows Related to Pension                                          | \$ 120,636               |
| Deferred Outflows Related to OPEB                                             | 4,847                    |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>                                   | <b>\$ 125,483</b>        |
| <b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>                      | <b>\$ 329,647</b>        |
| <b>LIABILITIES</b>                                                            |                          |
| <b>Current Liabilities:</b>                                                   |                          |
| Unearned Revenue                                                              | \$ 24,130                |
| <b>TOTAL CURRENT LIABILITIES</b>                                              | <b>\$ 24,130</b>         |
| <b>Noncurrent Liabilities:</b>                                                |                          |
| Compensated Absences                                                          | \$ 5,433                 |
| Net OPEB Liability (PSERS)                                                    | 39,570                   |
| Net Pension Liability                                                         | 870,150                  |
| <b>TOTAL NONCURRENT LIABILITIES</b>                                           | <b>\$ 915,153</b>        |
| <b>TOTAL LIABILITIES</b>                                                      | <b>\$ 939,283</b>        |
| <b>Deferred outflows of Resources:</b>                                        |                          |
| Deferred Inflows Related to Pension                                           | \$ 34,590                |
| Deferred Inflows Related to OPEB                                              | 1,410                    |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                                    | <b>\$ 36,000</b>         |
| <b>NET POSITION</b>                                                           |                          |
| Net Investment in Capital Assets                                              | \$ 2,294                 |
| Unrestricted                                                                  | (647,930)                |
| <b>TOTAL NET POSITION (Deficit)</b>                                           | <b>\$ (645,636)</b>      |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND NET POSITION</b> | <b>\$ 329,647</b>        |

The accompanying notes are an integral part of these financial statements

**MONITEAU SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

|                                                | <b>FOOD SERVICES</b> |
|------------------------------------------------|----------------------|
| <b><u>OPERATING REVENUES</u></b>               |                      |
| Food Services Revenue                          | \$ 257,670           |
| <b>Total Operating Revenues</b>                | <b>\$ 257,670</b>    |
| <b><u>OPERATING EXPENSES</u></b>               |                      |
| Salaries                                       | \$ 250,321           |
| Employee Benefits                              | 160,966              |
| Purchased Property Service                     | 7,161                |
| Supplies                                       | 366,205              |
| Depreciation                                   | 916                  |
| Other Operating Expenditures                   | 90                   |
| <b>Total Operating Expenses</b>                | <b>\$ 785,659</b>    |
| <b>OPERATING INCOME/(LOSS)</b>                 | <b>\$ (527,989)</b>  |
| <b><u>NONOPERATING REVENUES (EXPENSES)</u></b> |                      |
| Earnings on Investments                        | \$ 478               |
| State Sources                                  | 78,648               |
| Federal Sources                                | 481,451              |
| Transfer to General Fund                       | (40,509)             |
| <b>Total Nonoperating Revenues (Expenses)</b>  | <b>\$ 520,068</b>    |
| <b>CHANGE IN NET POSITION</b>                  | <b>\$ (7,921)</b>    |
| NET POSITION - JULY 1, 2019 - (Deficit)        | (688,508)            |
| Prior Period Adjustment                        | 50,793               |
| <b>NET POSITION - JUNE 30, 2020 (Deficit)</b>  | <b>\$ (645,636)</b>  |

The accompanying notes are an integral part of these financial statements



**MONITEAU SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

|                                                                                                                      | <b>FOOD<br/>SERVICES</b>       |
|----------------------------------------------------------------------------------------------------------------------|--------------------------------|
| <b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>                                                                   |                                |
| Cash Received from Users                                                                                             | \$ 268,378                     |
| Cash Payments to Employees for Services                                                                              | (391,415)                      |
| Cash Payments to Suppliers for Goods and Services                                                                    | (448,006)                      |
| <b>Net Cash Provided (Used) by Operating Activities</b>                                                              | <b><u>\$ (571,043)</u></b>     |
| <br><b><u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u></b>                                                   |                                |
| State Sources                                                                                                        | \$ 83,139                      |
| Federal Sources                                                                                                      | 479,439                        |
| Interfund transfers                                                                                                  | (40,509)                       |
| <b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>                                                  | <b><u>\$ 522,069</u></b>       |
| <br><b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>                                                               |                                |
| Earnings on Investments                                                                                              | \$ 478                         |
| <b>Net Cash Provided (Used) by Investing Activities</b>                                                              | <b><u>\$ 478</u></b>           |
| <br><b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                                                                 | <br><b>\$ (48,496)</b>         |
| CASH AND CASH EQUIVALENTS - JULY 1, 2019                                                                             | <u>96,892</u>                  |
| <b>CASH AND CASH EQUIVALENTS - JUNE 30, 2020</b>                                                                     | <b><u>\$ 48,396</u></b>        |
| <br><b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH<br/>PROVIDED (USED) BY OPERATING ACTIVITIES:</b>        |                                |
| Operating Income (Loss)                                                                                              | \$ (527,989)                   |
| <br><b>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS)<br/>TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b> |                                |
| Depreciation                                                                                                         | 916                            |
| Donated Commodities                                                                                                  | 63,341                         |
| (Increase) Decrease in Deferred Outflows of Resources                                                                | 19,203                         |
| (Increase) Decrease in Accounts Receivable                                                                           | (3,604)                        |
| (Increase) Decrease in Inventories                                                                                   | (13,297)                       |
| Increase (Decrease) in Advance from Other Funds                                                                      | (124,594)                      |
| Increase (Decrease) in Deferred Inflows of Resources                                                                 | 15,600                         |
| Increase (Decrease) in Net Pension Liability                                                                         | (18,420)                       |
| Increase (Decrease) in Net OPEB Liability                                                                            | 990                            |
| Increase (Decrease) in Unearned Revenue                                                                              | 14,312                         |
| Increase (Decrease) in Compensated Absences                                                                          | 2,499                          |
| <b>Total Adjustments</b>                                                                                             | <b><u>\$ (43,054)</u></b>      |
| <br><b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>                                                          | <br><b><u>\$ (571,043)</u></b> |
| <br><b>NONCASH NONCAPITAL FINANCING ACTIVITIES:</b>                                                                  |                                |
| During the year, the District received \$63,341 of food commodities from the U.S. Department of Agriculture          |                                |

The accompanying notes are an integral part of these financial statements

MONITEAU SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2020

|                           | <u>ACTIVITY FUNDS</u>   |
|---------------------------|-------------------------|
| <b>ASSETS</b>             |                         |
| Cash and Cash Equivalents | \$ 64,246               |
| <b>TOTAL ASSETS</b>       | <u><u>\$ 64,246</u></u> |
| <b>LIABILITIES</b>        |                         |
| Other Current Liabilities | \$ 64,246               |
| <b>TOTAL LIABILITIES</b>  | <u><u>\$ 64,246</u></u> |

The accompanying notes are an integral part of these financial statements

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**REPORTING ENTITY**

The Moniteau School District was established under the authority of an act of the state legislature that designated a school board as the governing body. This district serves the surrounding municipalities which include the Townships of Cherry, Clay, Concord, Marion, Venango and Washington, and the Boroughs of Cherry Valley, Eau Claire and West Sunbury. The School District operates under a locally-elected nine member Board form of government and provides educational services as mandated by the Commonwealth of Pennsylvania and selected federal agencies. The Board of Education has complete authority over the operations and administration of the School District's activities.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure the financial statements are not misleading. The primary government of the Moniteau School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. Generally accepted accounting principles defines component units as legally separate entities that are included in the School District's reporting entity because of the significance of their operating or financial relationships with the School District. Based on the application of these criteria, the Moniteau School District has no component units.

The School District is associated with two jointly governed organizations (Note 12) and one public entity risk pool (Note 13). These organizations are:

- Jointly Governed Organizations:
  - Butler County Area Vocational-Technical School
  - Mid-Western Intermediate Unit IV
- Public Entity Risk Pool:
  - Midwestern Health Combine

The financial statements of the Moniteau School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The most significant of the School District's accounting policies are as follows:

**FINANCIAL STATEMENT PRESENTATION**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS** – The statement of net position (Exhibit A) and the statement of activities (Exhibit B) display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**FINANCIAL STATEMENT PRESENTATION (Continued)**

The government-wide statements are prepared using the economic resources measurement focus. That is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations (Exhibit D and F) with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

**FUND FINANCIAL STATEMENTS** – Fund financial statements report detailed information about the School District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Major funds represent the School District's most important funds and are determined based on percentages of assets, liabilities, revenues, and expenditures/expenses. For the Moniteau School District, the General Fund is always considered a major fund. Each major fund is presented in a separate column. Non-major funds are segregated and presented in a single column. Fiduciary funds are reported by type.

**BASIS OF ACCOUNTING AND MEASUREMENT FOCUS**

The basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Government funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses, and changes in fund net position presents increases (revenues) and decreases (expenses) in total net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds are reported using the economic resources measurement focus.

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**BASIS OF ACCOUNTING AND MEASUREMENT FOCUS (Continued)**

Revenue resulting from non-exchange transactions, in which the School District receives value without directly giving equal value in return, includes property taxes, grants and contributions. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants and contributions are recognized in the fiscal year in which all eligibility requirements have been satisfied. On a modified accrual basis, revenue from non-exchange transactions must also be 'available' before it can be recognized.

The management of the Moniteau School District has determined that the revenues most susceptible to accrual (measurable and available) at June 30, 2020 under the modified accrual basis are **1)** delinquent real estate taxes collected by the District from the Butler County Tax Claim Bureau within 60 days following the close of the fiscal year, **2)** certain Act 511 taxes, **3)** federal and state subsidies earned in the fiscal year 2019-2020, and **4)** other miscellaneous revenues earned in fiscal year 2019-2020 but received subsequent to June 30, 2020. On the governmental fund financial statements, receivables that will not be collected within the 'available' period have been reported as 'deferred inflows of resources'.

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. The primary expenditures deemed susceptible to accrual at June 30, 2020, are those for which the Board of Education's intention was to expense these items as budgeted for the 2019-2020 official budget, and for which the District has incurred an obligation during 2020, but has not paid as of June 30, 2020.

Allocations of cost, such as depreciation and additional pension and OPEB expenses related to GASB 68 and GASB 75, are not recognized in governmental funds but are included as part of expenses in the government-wide statement of activities. Unused donated commodities are reported as unearned revenue.

**FUND ACCOUNTING**

The School District uses funds to report on its financial position and the results of its operations during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary and fiduciary. Fund categories are defined as follows:

**Governmental Funds** – Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The School District does not currently maintain any non-major governmental funds. The following are the School District's major funds:

**MAJOR GOVERNMENTAL FUNDS:**

**GENERAL FUND** - The General Fund is used to account for all financial resources not required to be accounted for in some other fund. The general fund balance is available for any purpose provided it is expended according to the Commonwealth of Pennsylvania Public School Code.

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**FUND ACCOUNTING: (Continued)**

**MAJOR GOVERNMENTAL FUNDS (Continued):**

**CAPITAL PROJECTS FUND** - The capital projects fund accounts for financial resources used for the acquisition of capital assets and improvement to capital facilities financed through the issuance of general obligation notes series of 2020.

**Proprietary Funds** - used to account for activities similar to those found in the private sector, where the determination of net income is necessary and useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies within the School District (internal service funds). The School District's major and sole enterprise fund is its Food Service Fund, which accounts for the financial transactions related to the food service operations of the District.

**Fiduciary Funds** – Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature and do not involve measuring income or any other results from operations. The District maintains an Agency Fund which accounts for various student organization activity accounts administered by the District on behalf of the various student organizations. The District does not currently maintain any private-purpose trust funds.

**BUDGETS**

In June of 2019, the Moniteau School District adopted its fiscal year June 30, 2020 annual budget for the general fund totaling \$22,442,293 in accordance with the provisions of the Pennsylvania School Code. The budget is prepared utilizing the modified accrual method of accounting. Budgetary transfers among various expenditure line items can be performed by the District, as approved by the Board of Education, only during the last nine months of the fiscal year. The original and adjusted budgetary amounts are reflected in these financial statements (Exhibit G). All annual appropriations of the general fund lapse at fiscal year-end.

The School District uses the following procedures in establishing this budgetary data:

- a. Prior to May of the preceding fiscal year, the school district prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the revenues and other sources of funds used to finance these expenditures.
- b. At least 20 days prior to the date set for budget adoption, the budget is made available for public inspection.
- c. A meeting of the Board of Education is then held for the purpose of adopting the proposed budget. The meeting may only be held after 10 days of public notification.
- d. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board of Education.
- e. The budget must be filed with the Commonwealth of Pennsylvania, Department of Education by July 15 of the fiscal year or within 30 days of adoption.
- f. Budgetary transfers are permitted after the first 90 days of the school district's fiscal year.

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**CASH AND CASH EQUIVALENTS**

For the purposes of these basic financial statements, cash and cash equivalents include amounts in demand deposit accounts and any other highly liquid, short-term investments, with original maturity terms of less than three months.

**INVESTMENTS**

Under Section 440.1 of the Pennsylvania Public School Code of 1949, as amended, and PA Act 10 of 2016, Moniteau School District is permitted to invest funds consistent with sound business practices in the following types of investments:

- I. Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth of Pennsylvania, or (c) of any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.
- II. Deposits in savings accounts, time deposits and share accounts of institutions insured by the Federal Deposit Insurance Corporation (FDIC) to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral, as provided by law, is pledged by the depository.
- III. U.S. government obligations, short-term commercial paper issued by a public corporation, and banker's acceptances.

Investment accounts in the governmental funds include deposits pooled for investment purposes with the Pennsylvania Local Government Investment Trust (PLGIT). Investments are reported at fair value.

There were no deposit and investment transactions during the year that were in violation of state statutes.

**SHORT-TERM INTERFUND RECEIVABLES/PAYABLES**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as 'due from/to other funds' on the governmental funds balance sheet. For the purposes of the government-wide statement of net position, governmental interfund receivables and payables have been eliminated. Amounts due between governmental activities and business-type activities, if any, are presented as off-setting internal balances on the statement of net position.

**INVENTORIES**

Inventories on the government-wide statement of net position (Exhibit A) and the proprietary fund statement of net position (Exhibit H) are recorded at a combination of actual cost and fair value on a first-in first-out basis. This inventory consists of purchased food and supplies and donated commodities from the U.S. Department of Agriculture as part of the food service program. The School District does not inventory the cost of such items as books and supplies, but rather records these items as expenditures in the governmental funds and an expense in the government-wide statement of activities at the time of purchase.

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**CAPITAL ASSETS AND DEPRECIATION**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets are reported in the governmental activities column of the government-wide statement of net position. Capital assets used by the proprietary fund are reported in both the business-type activity column of the government-wide statement of net position and on the proprietary fund statement of net position.

All capital assets are recorded at cost (or estimated historical cost). Donated fixed assets are recorded at fair value at the time of receipt. The School District maintains a capitalization threshold of \$1,500. The cost of infrastructure is included as part of site improvements in the government-wide statement of net position. Routine repair and maintenance costs that do not add to the value of the asset or extend its useful life are charged as an expense in the government-wide statement of activities.

All reported capital assets, except land and construction in progress, are depreciated using the straight-line method over the following useful lives:

| <b><u>CATEGORY</u></b>     | <b><u>GOVERNMENTAL<br/>ACTIVITIES</u></b> |
|----------------------------|-------------------------------------------|
| Site Improvements          | 5-30 Years                                |
| Buildings and Improvements | 7-40 Years                                |
| Furniture and Equipment    | 3-15 Years                                |
| Vehicles                   | 10 Years                                  |

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets purchased by governmental funds are recorded as expenditures in the fund financial statements (Exhibit E). The results of capitalizing fixed assets net of depreciation on the government-wide statement of net position and statement of activities, as opposed to recording these same assets as an expenditure in the fund financial statements (Exhibit E), is reflected in the required reconciliations of fund balance to net position (Exhibit D) and the changes in fund balances to the changes in net position (Exhibit F).

**LONG-TERM DEBT FINANCING COSTS**

Bond and note issue costs are recorded as expenditures in the governmental fund financial statements in the year paid. The School District incurred \$259,693 bond/note issuance costs during the 2019-2020 fiscal year related to the General Obligation Notes, Series of 2020.

**COMPENSATED ABSENCES**

The School District reports compensated absences in accordance with the provisions of GASB Statements. Sick leave benefits are accrued for members of the Moniteau Education Association and confidential secretaries at the rate of 25% of their regular pay, for a maximum of 160 accumulated sick leave days, under conditions as provided in the collective bargaining agreement. Members of the Moniteau Educational Support Personnel Association are entitled to accumulate unused sick days to a maximum of 150 days at the rate of \$15.00 per day for full-time employees and \$7.50 per day for part-time employees. District administrators and the Superintendent are entitled to accumulate 12 sick days per year.



**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**COMPENSATED ABSENCES (Continued)**

The entire compensated absences liability of \$291,191 is shown as a non-current liability in the government-wide statement of net position. For governmental fund financial statements, compensated absences are recorded as expenditures when paid, rather than accrued when earned, as the likelihood of payment in the immediate fiscal year with available expendable resources is not assured.

**PENSIONS**

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS), and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investment assets are reported at fair value. More information on pension activity is included in Note 10.

**OTHER POSTEMPLOYMENT BENEFITS**

For the purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS), and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investment assets are reported at fair value. More information on other postemployment benefits activity is included in Note 11.

**ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. For the business-type activities, these obligations and all similar obligations are reported again on the proprietary fund financial statement of net position (Exhibit H).

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the non-current portion of compensated absences and retiree health benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, liabilities that mature or come due for payment during the fiscal year are considered to have been paid with current available financial resources. Notes and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements when due. The District's General Fund is typically used to liquidate long-term liability obligations.

The results of recognizing these long-term obligations as liabilities on the government-wide statement of net position and statement of activities, as opposed to recording these same obligations as an expenditure in the fund financial statements (Exhibit E) only when paid, is reflected in the required reconciliations of fund balance to net position (Exhibit D) and the changes in fund balances to the changes in net position (Exhibit F).

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**UNEARNED REVENUE**

Unearned revenue arises when the District receives resources before it has legal claim to them. This occurs when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the School district has a legal claim to the resources, the unearned revenue liability is removed and revenue is recognized.

**DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

In addition to assets and liabilities, the statement of net position and/or the balance sheet will sometimes report a separate section for deferred outflows and/or inflows of resources. These separate financial statement elements represent a decrease and/or increase in net position that applies to a future period and so will not be recognized as an outflow and/or inflow of resources (expense/expenditure or income/revenue) in the current period.

**NET POSITION**

Net position is classified into three categories according to external donor or legal restrictions or availability of assets to satisfy District obligations. Net position is classified as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets net of accumulated depreciation, and reduced by the outstanding balances of debt that is attributable to the acquisition, construction and improvement of the capital assets, plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted Net Position – This component of net position consists of restricted assets reduced by liabilities and deferred inflows related to those assets.
- Unrestricted – Consists of net position that does not meet the definition of ‘restricted’ or ‘net investment in capital assets’.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the School District’s policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

**FUND EQUITY**

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

- Non-spendable fund balance – amounts that are not in spendable form (such as prepaid expenses) or are required to be maintained intact. The non-spendable fund balance at 6/30/20 is \$205,443.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and high levels of government), through constitutional provisions, or by enabling legislation. The District’s restricted net position and fund balance of \$1,000 represents a donation/contribution dedicated for the purchase of computers.

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**FUND EQUITY (Continued)**

- Committed fund balance – amount constrained to specific purposes by the School District itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.
- Assigned fund balance – amounts the School District intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. At June 30, 2020, the management of the Moniteau School District assigned \$4,103,515 of fund balance to be used as financial resources for future periods.
- Unassigned fund balance amount that are available for any purpose

Act 48 of 2003 prohibits school districts from increasing real property taxes beyond the annual index increase permitted by law, unless the school district has adopted a budget for such school year that includes an estimated ending unassigned fund balance which is not more than a specified percentage of the district's total budgeted expenditures. For the Moniteau School District, estimated ending unassigned fund balance must not exceed 7% of total budgeted expenditures.

The School District establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. The Board of Education has given authority to assign fund balance to the Business Manager.

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 the committed resources first, followed by assigned amounts and then unassigned amounts.

**ESTIMATES**

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

**OPERATING REVENUES AND EXPENSES**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Moniteau School District, these revenues are food service charges for lunch and breakfast service. Operating expenses are the necessary costs incurred to provide the aforementioned food service. Non-operating revenues of the District's food service proprietary fund are 1) investment earnings and 2) state and federal subsidies, including donated commodities, received from the U.S. Department of Agriculture. The District's food service proprietary fund had \$40,509 in non-operating expenses during the fiscal year. This amount was a transfer to the General Fund.

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**PENDING GASB PRONOUNCEMENTS**

GASB issued Statement No. 84, *'Fiduciary Activities'*. The primary objective of this Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. This Statement also is intended to improve the usefulness of fiduciary activity information primarily for assessing the accountability of governments in their roles as fiduciaries. The provisions of this Statement are effective for the School District's June 30, 2021 financial statements.

GASB issued Statement No. 87, *'Leases'*. The primary objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability (representational faithfulness), and consistency of information about the leasing activities of governments. The provisions of this Statement are effective for the School District's June 30, 2022 financial statements.

GASB issued Statement No. 89, *'Accounting for Interest Cost Incurred before the end of a Construction Period'*. The primary objectives of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and, (b) to simplify accounting for certain interest costs. The provisions of this Statement are effective for the School District's June 30, 2022 financial statements.

GASB issued Statement No. 90, *'Majority Equity Interests (an amendment of GASB Statements No. 14 and No. 61)'*. The primary objectives of this Statement are to improve consistency in the measurement and comparability of the financial statement presentation of majority equity interests in legally separate organizations and to improve the relevance of financial statement information for certain component units. The provisions of this Statement are effective for the School District's June 30, 2021 financial statements.

GASB issued Statement No. 91, *'Conduit Debt Obligations'*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The provisions of this Statement are effective for the School District's June 30, 2023 financial statements.

GASB issued Statement No. 92, *'Omnibus 2020'*. The primary objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of GASB Statement Nos. 73, 74, 84, and 87. In addition the Statement addresses various topics and includes specific provisions concerning the following:

- Measurement of liabilities (and assets, if any) related to asset retirement obligations (ARO) in a government acquisition
- Reporting by entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

The provisions of this statement are effective for the School District's June 30, 2022 financial statements.

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**PENDING GASB PRONOUNCEMENTS (Continued)**

GASB issued Statement No. 93, '*Replacement of Interbank Offered Rates*'. The primary objectives of this Statement are to address the accounting and financial reporting implications that result from the replacement of an interbank offering rate (IBOR). The provisions of this Statement are effective for the School District's June 30, 2022 financial statements.

GASB issued Statement No. 94, '*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*'. The primary objectives of this Statement are to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs), and provide guidance for accounting and financial reporting for availability payment arrangements (APAs). The provisions of this Statement are effective for the School District's June 30, 2023 financial statements.

The implementation dates of the aforementioned pending GASB Statements have been updated to include the delayed implementation dates as set forth in recently issued (May 2020) GASB Statement No. 95. The effects of implementing these Statements on the School District's financial statements have not yet been determined.

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS**

**CASH DEPOSITS:**

At June 30, 2020, the Moniteau School District had the following carrying values on its cash and cash equivalents accounts:

|                       | <b>BANK<br/>BALANCE</b> | <b>CARRYING<br/>VALUE</b> |
|-----------------------|-------------------------|---------------------------|
| General Fund          | \$ 1,243,618            | \$ 6,856,324              |
| Capital Projects Fund | 6,495,572               | 6,495,572                 |
| Enterprise Fund       | 48,675                  | 48,396                    |
| Agency Fund           | 70,603                  | 64,246                    |
| <b>TOTAL</b>          | <b>\$ 7,858,468</b>     | <b>\$ 13,464,538</b>      |

The difference between the bank balance and carrying value represents year-end reconciling items such as deposits in transit and outstanding checks. The Federal Deposit Insurance Corporation (FDIC) coverage threshold for government accounts is \$250,000 per official custodian. This coverage includes checking and savings accounts, money market deposits accounts, and certificates of deposit.

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS**

**CASH DEPOSITS: (Continued)**

**Custodial Credit Risk:**

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a separate policy for custodial credit risk in addition to the requirements of State Law. As of June 30, 2020, \$7,608,468 of the District's bank balance total is exposed to custodial credit risk as this amount represents uninsured deposits collateralized with securities held by the pledging financial institution or by its trust department or agent, but not in the School District's name. In accordance with Act Number 72-1971 Session of the Commonwealth of Pennsylvania, the aforementioned deposits, in excess of \$250,000 are collateralized by securities pledged to a pooled public funds account with the Federal Reserve System.

**INVESTMENTS:**

The fair value and maturity term of the District's investment as of June 30, 2020 is as follows:

|                      | <u>Fair Value</u> | <u>No Stated<br/>Maturity</u> | <u>Credit Rating</u> |
|----------------------|-------------------|-------------------------------|----------------------|
| <b>Governmental:</b> |                   |                               |                      |
| PLGIT                | \$ 3,081          | \$ 3,081                      | AAAm                 |

Investments held in external investment pools such as PLGIT are not subject to the provisions of fair value measurements as they are recorded at amortized cost and/or cost.

The purpose of the Pennsylvania Local Government Investment Trust (PLGIT) is to enable governmental units to pool their available funds for investments authorized under the Intergovernmental Cooperation Act of 1972. The funds operate in a manner consistent with the SEC's Rule 2(a) 7 of the Investment Company Act of 1940. The funds use amortized cost to report net position to compute share prices. These funds maintain net asset values of \$1 per share. Accordingly, the fair value of the position in these funds is the same as the value of these shares. These funds are rated by nationally recognized statistical rating organization as shown above. PLGIT does not put any limitations or restrictions on withdrawals.

**Custodial Credit Risk:**

For an investment, custodial credit risk is the risk that in the event of failure of the counterparty, the District will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. PLGIT has the characteristics of open-end mutual funds and is not exposed to custodial credit risk because its existence is not evidenced by securities that exist in physical or book entry form. These Trusts purchase only money market instruments of the type in which PA Local Governments are permitted to invest funds and comply with all regulations.

**Interest Rate Risk:**

Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The School District has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS**

**INVESTMENTS: (Continued)**

**Credit Risk:**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District's investments in authorized instruments that not backed by the full faith and credit of the federal or state government are limited to those with the highest two (2) credit ratings available for such instruments issued by the recognized organization.

**Concentration of Credit Risk:**

In order to limit the District's exposure to loss of principal due to market changes in interest rates, investments of this type shall be limited to not more than 10% of District funds available for investment on any single date.

**Fair Value Measurements:**

The Moniteau School District's investments are reported at fair value within the fair value hierarchy established by generally accepted accounting principles. Generally accepted accounting standards provides a framework for measuring fair value which establishes a three-level fair value hierarchy that prioritizes the inputs to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable (level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 – Observable inputs that reflect quoted prices for identical assets or liabilities in active markets such as stock quotes
- Level 2 – Includes inputs other than level 1 inputs that are directly or indirectly observable in the marketplace such as yield curves or other market data
- Level 3 – Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk such as bid/ask spreads and liquidity discounts.

Investments held in external investment pools such as PLGIT and certificates of deposit are not subject to the provisions of fair value measurements as they are recorded at amortized cost.

**NOTE 3 - PROPERTY TAXES**

The Moniteau School District levies property taxes July 1 of each fiscal year. The tax millage assessment for the 2019-2020 fiscal year was 90.62 mills, which represents \$90.62 of revenue for every \$1,000 of assessed property value. Taxpayers are entitled to a 2% discount if taxes are paid prior to October 1. Collections beginning December 1 are assessed a 10% penalty. Unpaid taxes are submitted to the Butler County Tax Claim Bureau for collection. Tax collectors are required under Act 169 of the Commonwealth of Pennsylvania to submit a reconciliation of their tax duplicate to the District by January 15<sup>th</sup> of the year following levy. The final tax collector reconciliations reflected \$388,501 in unpaid 2019 property taxes, which represents 7.0% of the total assessed property taxes (\$5,571,413) for the current fiscal year.

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 3 - PROPERTY TAXES (Continued)**

Taxes receivable as shown in the government-wide statement of net position includes property taxes of \$467,917 net of an allowance for doubtful accounts of \$9,549. Management estimates that, approximately 2% of delinquent property taxes receivable will be uncollectible based on past collection experience.

For purposes of the governmental fund financial statements, the above property taxes receivable includes \$342,846 of property taxes which although measurable, do not meet the available criteria to finance current fiscal year operations. Accordingly, this amount is equally off-set as a credit to deferred inflows of resources in the fund financial statements.

The effect of recognizing property tax revenue when taxes are levied, as opposed to when they are received using the 'measurable and available' criteria under the modified accrual basis of accounting, is reflected in the required reconciliations of fund balance to net position (Exhibit D) and the changes in fund balances to the changes in net position (Exhibit F).

Taxes receivable are comprised of the following at June 30, 2020:

|                                | <b>GOVERNMENT<br/>WIDE<br/>FINANCIAL<br/>STATEMENTS</b> | <b>FUND<br/>FINANCIAL<br/>STATEMENTS</b> |
|--------------------------------|---------------------------------------------------------|------------------------------------------|
| Delinquent Property Taxes, Net | \$ 467,917                                              | \$ 477,466                               |
| Per Capita Taxes               | 33                                                      | 33                                       |
| Wage Taxes and LST Taxes       | 1,431                                                   | 1,431                                    |
| Deed Transfer Taxes            | 4,429                                                   | 4,429                                    |
|                                | <b>\$ 473,810</b>                                       | <b>\$ 483,359</b>                        |

**NOTE 4 – DUE FROM OTHER GOVERNMENTS**

The amount of 'due from other governments', as reflected on the government-wide statement of net position and the governmental funds balance sheet, is comprised of the following:

|                                     |           |                  |
|-------------------------------------|-----------|------------------|
| Commonwealth of Pa. State Subsidies | \$        | 928,268          |
| Intermediate Unit Reimbursements    |           | 368,468          |
| Refund (BCAVTS)                     |           | 33,312           |
| Federal Subsidies                   |           | 56,133           |
|                                     | <b>\$</b> | <b>1,386,181</b> |

**NOTE 5 – OTHER RECEIVABLES**

The amount of 'other receivables', as reflected on the government-wide statement of net position and the governmental funds balance sheet, is comprised of other miscellaneous funds of \$22,433 due the School District at June 30, 2020.



**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 6 – UNEARNED REVENUE**

Unearned revenue of the District’s governmental funds and proprietary fund as of June 30, 2020 is comprised of \$5,030 of federal grants and \$24,130 in prepaid student lunch balances.

**NOTE 7 – INTER-FUND OBLIGATIONS AND TRANSFERS**

Inter-fund receivables and payables as reflected on the governmental funds balance sheet (Exhibit C) and the proprietary fund statement of net position (Exhibit H) are as follows:

|                   | <b>RECEIVABLE</b> | <b>PAYABLE</b>   |
|-------------------|-------------------|------------------|
| General Fund      | \$ 96,499         | \$ -             |
| Food Service Fund | -                 | 96,499           |
|                   | <b>\$ 96,499</b>  | <b>\$ 96,499</b> |

Governmental type ‘inter-fund’ obligations have been eliminated in the government-wide statement of net position. Inter-fund obligations between governmental activities and business-type activities are shown net on the statement of net position as part of the line-item “internal balances”. The School District transferred \$40,509 from the Cafeteria Fund to the General Fund for cafeteria expenses paid out of the General Fund.

**NOTE 8 - CAPITAL ASSETS**

A summary of the governmental and business-type fixed asset activity for the 2019-2020 fiscal year was as follows:

|                                                        | <b>Balance<br/>7/1/2019</b> | <b>Additions</b>      | <b>Deductions</b> | <b>Balance<br/>6/30/2020</b> |
|--------------------------------------------------------|-----------------------------|-----------------------|-------------------|------------------------------|
| <b>Governmental Activities</b>                         |                             |                       |                   |                              |
| Land                                                   | \$ 14,882                   | \$ -                  | \$ -              | \$ 14,882                    |
| Site Improvements                                      | 1,463,793                   | -                     | -                 | 1,463,793                    |
| Buildings and Improvements                             | 35,767,141                  | 83,753                | -                 | 35,850,894                   |
| Furniture and Equipment                                | 2,291,350                   | 186,975               | -                 | 2,478,325                    |
| Construction in Progress                               | -                           | 7,698,898             | -                 | 7,698,898                    |
|                                                        | <b>\$ 39,537,166</b>        | <b>\$ 7,969,626</b>   | <b>\$ -</b>       | <b>\$ 47,506,792</b>         |
| <b>Less: Accumulated<br/>Depreciation</b>              |                             |                       |                   |                              |
| Site Improvements                                      | \$ (591,367)                | \$ (38,498)           | \$ -              | \$ (629,865)                 |
| Building and Improvements                              | (15,972,082)                | (838,184)             | -                 | (16,810,266)                 |
| Furniture and Equipment                                | (1,675,584)                 | (180,875)             | -                 | (1,856,459)                  |
|                                                        | <b>\$ (18,239,033)</b>      | <b>\$ (1,057,557)</b> | <b>\$ -</b>       | <b>\$ (19,296,590)</b>       |
| <b>Governmental Activities<br/>Capital Assets, Net</b> | <b>\$ 21,298,133</b>        | <b>\$ 6,912,069</b>   | <b>\$ -</b>       | <b>\$ 28,210,202</b>         |

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 8 - CAPITAL ASSETS (Continued)**

|                                 | <b>Balance<br/>7/1/2019</b> | <b>Additions</b> | <b>Deductions</b> | <b>Balance<br/>6/30/2020</b> |
|---------------------------------|-----------------------------|------------------|-------------------|------------------------------|
| <b>Business-Type Activities</b> |                             |                  |                   |                              |
| Furniture and Equipment         | \$ 77,155                   | \$ -             | \$ -              | \$ 77,155                    |
| Less: Accumulated               |                             |                  |                   |                              |
| Depreciation                    | (73,945)                    | (916)            | -                 | (74,861)                     |
| <b>Business-Type Activities</b> |                             |                  |                   |                              |
| <b>Capital Assets, Net</b>      | <b>\$ 3,210</b>             | <b>\$ (916)</b>  | <b>\$ -</b>       | <b>\$ 2,294</b>              |

Depreciation expense was charged to governmental functions as follows:

|                                               |                            |
|-----------------------------------------------|----------------------------|
| Instruction                                   | \$ 715,672                 |
| Instructional Student Support                 | 91,334                     |
| Administrative and Financial Support Services | 123,603                    |
| Operation and Maintenance of Plant Services   | 99,889                     |
| Transportation                                | 2,822                      |
| Student Activities                            | 24,237                     |
|                                               | <b><u>\$ 1,057,557</u></b> |

**NOTE 9 - LONG-TERM LIABILITIES**

**GENERAL OBLIGATION NOTES - SERIES OF 2020**

On March 30, 2020, the Moniteau School District issued General Obligation Notes – Series of 2020 in the amount of \$18,330,000. The purpose of the note issue was **1)** refunding, on a current refunding basis, the School District’s General Obligation Bonds, Series A of 2010 and Series of 2015, **2)** the acquisition and construction of capital improvements to the School District’s facilities, and **3)** to pay all costs of the issuance of the Notes. The notes were issued in denominations of \$5,000 with interest payable on March 1 and September 1 each year through maturity. Interest rates on the bonds range between 2% and 5% with the bonds scheduled to mature on March 1, 2053. The bonds provide for early redemption options as detailed in the official statement of issue.

**DEFAULT PROVISIONS - GENERAL OBLIGATION NOTES**

In the event of failure of the School District to pay or cause to be paid the interest on or principal of the Notes, as the same becomes due and payable, the holders of the Notes shall be entitled to certain remedies provided by the Local Government Unit Debt Act. Among the remedies, if the failure to pay shall continue for 30 days, holders of the Notes shall have the right to recover the amount due by bringing an action in assumpsit in the Court of Common Pleas of Butler County. The Act provides any judgement shall have an appropriate priority upon the funds next coming into the treasury of the School District. The Act also provides that upon a default of at least 30 days, holders of at least 25 percent of the Notes may appoint a trustee to represent them. The Act provides certain other remedies in the event of default, and further qualifies the remedies described.

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 9 - LONG-TERM LIABILITIES (Continued)**

A summary of the Moniteau School District's general obligation note outstanding at June 30, 2020 is as follows:

| <b>YEAR END<br/>JUNE 30,</b> | <b>PRINCIPAL</b>            | <b>TOTAL<br/>INTEREST</b>   | <b>TOTAL<br/>GENERAL<br/>OBLIGATION<br/>NOTE</b> |
|------------------------------|-----------------------------|-----------------------------|--------------------------------------------------|
| 2021                         | \$ 395,000                  | \$ 492,922                  | \$ 887,922                                       |
| 2022                         | 310,000                     | 579,750                     | 889,750                                          |
| 2023                         | 325,000                     | 564,250                     | 889,250                                          |
| 2024                         | 340,000                     | 548,000                     | 888,000                                          |
| 2025                         | 360,000                     | 531,000                     | 891,000                                          |
| 2026-2030                    | 1,955,000                   | 2,508,150                   | 4,463,150                                        |
| 2031-2035                    | 2,390,000                   | 2,071,950                   | 4,461,950                                        |
| 2036-2040                    | 2,780,000                   | 1,676,250                   | 4,456,250                                        |
| 2041-2045                    | 3,220,000                   | 1,233,750                   | 4,453,750                                        |
| 2046-2050                    | 3,735,000                   | 720,600                     | 4,455,600                                        |
| 2051-2053                    | 2,520,000                   | 152,700                     | 2,672,700                                        |
|                              | <b><u>\$ 18,330,000</u></b> | <b><u>\$ 11,079,322</u></b> | <b><u>\$ 29,409,322</u></b>                      |

In connection with the School District's prior general obligation bond issues, the District paid approximately \$54,346 in bond discounts. These costs, due to their immateriality are not being amortized over the life of the new note issue. Amortization expense associated with the GOB Series of 2010 to write off the entire balance for the year ended June 30, 2020 was \$24,228. This amount was charged to the 'Interest on Long-Term Debt' expense category in the statement of activities. In addition, the \$16,855 balance of 'deferred interest' on the GOB Series of 2010 defeased debt was also written off for the 2019-2020 fiscal year and was charged to the 'Interest on Long-Term Debt' expense category in the statement of activities.

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 9 - LONG-TERM LIABILITIES (Continued)**

**DIRECT BORROWINGS – LEASE PURCHASE OBLIGATION**

On July 19, 2019, the Moniteau School District entered into a lease purchase agreement with Macrolease Corporation. in the amount of \$60,196 for exercise equipment for the District. The terms of the lease call for five (5) annual principal and interest payments totaling \$13,125. The interest rate is 4.17% and the last payment is due on September 1, 2023.

**DEFAULT PROVISIONS – LEASE PURCHASE OBLIGATION**

In the event of default, Macrolease has the right to exercise any or all of the following remedies **1)** terminate any or all leases, **2)** declare all lease payments and other amounts under any such lease(s) immediately due and payable, **3)** take possession of, or render unusable, any equipment under any such lease(s) wherever such equipment maybe located, without demand or notice, without any court order or other process of law and without liability to lease for any damages associated by such action, and no such action shall constitute a termination of any such lease(s) **4)** require lease to delivery such equipment to a location designated by lessor, **5)** proceed by court action to enforce performance by lessee of any such lease(s) and/pr recover all damages and expenses incurred by lessor by reason of any default **6)** terminate any other agreement that lessor may have with lessee, or **7)** exercise any other right or remedy to lessor at law or in equity.

A summary of the Moniteau School District's lease purchase obligations outstanding at June 30, 2020 is as follows:

| <b>YEAR END<br/>JUNE 30,</b> | <b>PRINCIPAL</b>        | <b>INTEREST</b>        | <b>TOTAL</b>            |
|------------------------------|-------------------------|------------------------|-------------------------|
| 2021                         | \$ 11,621               | \$ 1,704               | \$ 13,325               |
| 2022                         | 12,025                  | 1,300                  | 13,325                  |
| 2023                         | 12,443                  | 882                    | 13,325                  |
| 2024                         | 12,877                  | 448                    | 13,325                  |
|                              | <b><u>\$ 48,966</u></b> | <b><u>\$ 4,334</u></b> | <b><u>\$ 53,300</u></b> |

**LEASE RENTAL DEBT - BUTLER COUNTY AREA VOCATIONAL  
TECHNICAL SCHOOL AUTHORITY**

In December of 2015, the Butler County Area Vocational Technical School Authority issued School Lease Revenue Bonds, Series of 2015 in the amount of \$7,735,000 for the purpose of 1) currently refunding all of the outstanding School Lease Revenue Bonds, Series of 2010 in the aggregate amount of \$7,250,000, and 2) to pay costs and expenses related to the issuance of the bonds. The Moniteau School District, along with five other school districts, guaranteed the payment of this note by authorizing the incurrence of lease rental debt. At June 30, 2020, the Moniteau School District's share of the total balance is \$592,766 which is 8.73% of the School Lease Revenue Bonds.

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 9 - LONG-TERM LIABILITIES (Continued)**

**LEASE RENTAL DEBT (Continued)**

**DEFAULT PROVISIONS – LEASE RENTAL DEBT**

In the event of default, the Authority may, in addition to its other rights and remedies, exercise any one or more of the following remedies: **1)** declare all sums due or to become due under the agreement to be immediately due and payable, or **2)** by mandamus, suit, action, or proceeding at law or in equity, enforce all rights of the Authority, and require the School District and the Operating Committee to carry out any agreements with or for the benefit of the Owners of the Bonds and to perform their duties under the Municipality Authorities Act of 1945. The Authority shall notify the Secretary of the Department of Education of such event of default and request the Secretary **1)** to notify the School District of its obligation under the Loan Agreement and its respective Note, **2)** to withhold out of any state appropriation due School District an amount equal to the amount of loan repayment or repayments owing by School District under the Loan Agreement and its respective Note, and **3)** to pay over the amount so withheld directly to the Trustee, as assignee of the Authority, all in accordance with the provisions of the School Code and the Act.

A summary of the Moniteau School District's lease rental debt outstanding at June 30, 2020 is as follows:

| <b>YEAR END</b> | <b>PRINCIPAL</b>  | <b>INTEREST</b>   | <b>TOTAL</b>      |
|-----------------|-------------------|-------------------|-------------------|
| <b>JUNE 30,</b> |                   |                   |                   |
| 2021            | \$ 22,262         | 18,830            | \$ 41,092         |
| 2022            | 23,135            | 18,386            | 41,521            |
| 2023            | 23,571            | 17,922            | 41,493            |
| 2024            | 24,008            | 17,422            | 41,430            |
| 2025            | 24,881            | 16,852            | 41,733            |
| 2026-2030       | 132,698           | 73,480            | 206,178           |
| 2031-2035       | 155,832           | 50,494            | 206,326           |
| 2036-2040       | 186,379           | 20,712            | 207,091           |
|                 | <b>\$ 592,766</b> | <b>\$ 234,098</b> | <b>\$ 826,864</b> |

The following represents the changes in the district's long-term liabilities during the 2019-2020 fiscal year:

|                          | <b>Balance</b>       |                      |                     | <b>Balance</b>       | <b>Due Within</b> |
|--------------------------|----------------------|----------------------|---------------------|----------------------|-------------------|
|                          | <b>7/1/2019</b>      | <b>Additions</b>     | <b>Reductions</b>   | <b>6/30/2020</b>     | <b>One Year</b>   |
| Direct Borrowings:       |                      |                      |                     |                      |                   |
| Lease Obligations        | \$ -                 | \$ 60,196            | \$ 11,230           | \$ 48,966            | \$ 11,621         |
| General Obligation Bonds | 7,685,000            | -                    | 7,685,000           | -                    | -                 |
| General Obligation Notes | -                    | 18,330,000           | -                   | 18,330,000           | 395,000           |
| Compensated Absences     | 257,821              | 40,979               | 7,609               | 291,191              | -                 |
| Net Pension Liability    | 29,619,000           | -                    | 614,000             | 29,005,000           | -                 |
| Net OPEB Liability       | 7,847,557            | 33,000               | 134,926             | 7,745,631            | -                 |
|                          | <b>\$ 45,409,378</b> | <b>\$ 18,403,979</b> | <b>\$ 8,441,535</b> | <b>\$ 55,371,822</b> | <b>\$ 395,000</b> |

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 10 – PENSION PLAN**

The Moniteau School District participates in the Public School Employees' Retirement System (PSERS). PSERS is a component unit of the Commonwealth of Pennsylvania. A brief description of the plan, and summary of the plan's provisions, are as follows:

**Plan Description**

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

**Benefits Provided**

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with a 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 three years of service or attain a total combination of age and service that is equal to or greater than ninety-two with a minimum of thirty-five years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

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

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

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 10 – PENSION PLAN (Continued)**

**Contribution Rates**

**Member Contributions** - Active members who joined the System prior to July 22, 1983, contribute at 5.25% (Membership Class T-C) or at 6.5% (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 6.25% (Membership Class T-C) or at 7.5% (Membership Class T-D) of the members qualifying compensation. Members who joined the System after June 30, 2001 and before June 1, 2011, contribute at 7.5% (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 10.30% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a 'shared risk' provision in Act 120 of 2010 that in future years could cause the Membership Class T-E contribution rate to fluctuate between 7.50% and 9.50% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.30%.

**Employer Contributions** – Contributions required of employers are based upon an actuarial valuation. For fiscal year ended June 30, 2020, the rate of employer's contribution was 33.45% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the employer were \$2,889,192 for the year ended June 30, 2020.

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

At June 30, 2020, the School District reported a liability of \$29,005,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2018 to June 30, 2019. The School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2019 (the measurement date), the School District's proportion was .0620% which was an increase of .003% from its proportion measured as of June 30, 2018.

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 10 – PENSION PLAN (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

For the year ended June 30, 2020, the School District recognized pension expense of \$3,479,016. At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                 | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|-----------------------------------------------------------------|-------------------------------------------|------------------------------------------|
| Difference between expected and actual experience               | \$ 160,000                                | \$ 961,000                               |
| Changes in assumptions                                          | 277,000                                   | -                                        |
| Net difference between projected and actual investment earnings | -                                         | 83,000                                   |
| Changes in proportions                                          | 695,000                                   | 109,000                                  |
| Contributions subsequent to the measurement date                | 2,889,192                                 | -                                        |
|                                                                 | <u>\$ 4,021,192</u>                       | <u>\$ 1,153,000</u>                      |

The \$2,889,192 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the measurement year ended June 30, 2020.

Other amounts reported as deferred inflows/outflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Measurement<br/>Date<br/>Year ended<br/>June 30,</u> | <u>Reporting<br/>Date<br/>Year ended<br/>June 30,</u> | <u>Amount</u> |
|---------------------------------------------------------|-------------------------------------------------------|---------------|
| 2020                                                    | 2021                                                  | \$ 475,000    |
| 2021                                                    | 2022                                                  | (292,000)     |
| 2022                                                    | 2023                                                  | (256,000)     |
| 2023                                                    | 2024                                                  | 52,000        |

**Actuarial Assumptions**

The total pension liability as of June 30, 2019 was determined by rolling forward the System's total pension liability as of the June 30, 2018 to June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 7.25%, 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



**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 10 – PENSION PLAN (Continued)**

**Actuarial Assumptions (Continued)**

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 period ending June 30, 2015.

**Investment Asset Allocation**

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

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

| <u>Asset Class</u>      | <u>Target<br/>Allocation</u> | <u>Long-Term<br/>Expected Real<br/>Rate of Return</u> |
|-------------------------|------------------------------|-------------------------------------------------------|
| Global public equity    | 20.0%                        | 5.60%                                                 |
| Fixed Income            | 36.0%                        | 1.90%                                                 |
| Commodities             | 8.0%                         | 2.70%                                                 |
| Absolute return         | 10.0%                        | 3.40%                                                 |
| Risk parity             | 10.0%                        | 4.10%                                                 |
| Infrastructure/MLP's    | 8.0%                         | 5.50%                                                 |
| Real estate             | 10.0%                        | 4.10%                                                 |
| Alternative investments | 15.0%                        | 7.40%                                                 |
| Cash                    | 3.0%                         | 0.30%                                                 |
| Financing (LIBOR)       | -20.0%                       | 0.70%                                                 |
|                         | <u>100%</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, 2019.

**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.

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 10 – PENSION PLAN (Continued)**

**Discount Rate (Continued)**

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%<br>Decrease<br>6.25% | Current<br>Discount<br>Rate<br>7.25% | 1%<br>Increase<br>8.25% |
|-----------------------------------------------------------------------|-------------------------|--------------------------------------|-------------------------|
| School District's proportionate share of<br>the net pension liability | \$ 36,129,000           | \$ 29,005,000                        | \$ 22,973,000           |

**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](http://www.psers.pa.gov).

**NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION**

**PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM**

**General Information about the Health Insurance Premium Assistance Program**

PSERS provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium.

**Premium Assistance Eligibility Criteria**

Retirees of the System (PSERS) 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

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (Continued)**

**Plan Description**

Moniteau School District employees participate in the PSERS – Health Insurance Premium Assistance program, which is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. The members eligible to participate in the System include all full-time public-school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at [www.psers.state.pa.us](http://www.psers.state.pa.us).

**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 coverage through either their school employer or PSER's Health Options Program. As of June 30, 2019, there were no assumed future benefit increases to participating eligible retirees.

**Contributions**

The District's contractually required contribution 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 any unfunded accrued liability. During the 2019-2020 fiscal year, the Moniteau School District contributed \$72,554 to the premium assistance program.

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

At June 30, 2020, the District reported a liability of \$1,319,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, 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, 2018 to June 30, 2019. 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, 2019 (the measurement date), the district's proportion was 0.0620%, which is an increase of .003% from its proportion measured as of June 30, 2018.

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (Continued)**

**OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

For the year ended June 30, 2020, Moniteau School District recognized OPEB expense of \$70,801. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|                                                             | <b>Deferred Outflows<br/>of Resources</b> | <b>Deferred Inflows<br/>of Resources</b> |
|-------------------------------------------------------------|-------------------------------------------|------------------------------------------|
| Difference between projected and actual investment earnings | \$ 2,000                                  | \$ -                                     |
| Changes in proportion                                       | 36,000                                    | 7,000                                    |
| Difference between expected and actual experience           | 7,000                                     | -                                        |
| Changes in assumptions                                      | 44,000                                    | 40,000                                   |
| Contributions subsequent to the measurement date            | 72,554                                    | -                                        |
|                                                             | \$ 161,554                                | \$ 47,000                                |

The \$72,554 reported as deferred outflows of resources related to OPEB resulted from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the measurement year ended June 30, 2020.

Other amounts reported as deferred inflows/outflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <b>Measurement<br/>Date</b>    | <b>Reporting<br/>Date</b>      | <b>Amortization<br/>Amount</b> |
|--------------------------------|--------------------------------|--------------------------------|
| <b>Year ended<br/>June 30,</b> | <b>Year ended<br/>June 30,</b> |                                |
| 2020                           | 2021                           | \$ 5,000                       |
| 2021                           | 2022                           | 5,000                          |
| 2022                           | 2023                           | 5,000                          |
| 2023                           | 2024                           | 5,000                          |
| 2024                           | 2025                           | 16,000                         |
| Thereafter                     | Thereafter                     | 6,000                          |

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (Continued)**

**Actuarial assumptions**

The Total OPEB liability as of June 30, 2019, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2018 to June 30, 2019 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% based on the S&P 20 Year Municipal Bond Rate.
- Salary Increases – 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%

**Investment Asset Allocation**

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

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

| <u>Asset Class</u>     | <u>Target<br/>Allocation</u> | <u>Long-Term<br/>Expected Real<br/>Rate of Return</u> |
|------------------------|------------------------------|-------------------------------------------------------|
| Cash                   | 13.2%                        | 0.02%                                                 |
| US Core Fixed Income   | 83.1%                        | 1.00%                                                 |
| Non-US Developed Fixed | 3.7%                         | 0.00%                                                 |
|                        | <u>100%</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, 2019.

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (Continued)**

**Discount Rate**

The discount rate used to measure the Total OPEB Liability was 2.79%. Under the plan’s funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan’s fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a “pay-as-you-go” plan. A discount rate of 2.79% which represents the S&P 20-year Municipal Bond Rate at June 30, 2019, was applied to all projected benefit payments to measure the total OPEB liability.

**Sensitivity of the Net OPEB liability to changes in the Discount Rate**

The following presents the net OPEB liability, calculated using the discount rate of 2.79%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.79%) or 1-percentage-point higher (3.79%) than the current rate:

|                    | <b>1%<br/>Decrease<br/>1.79%</b> | <b>Current Discount<br/>Rate<br/>2.79%</b> | <b>1%<br/>Increase<br/>3.79%</b> |
|--------------------|----------------------------------|--------------------------------------------|----------------------------------|
| Net OPEB Liability | \$ 1,502,000                     | \$ 1,319,000                               | \$ 1,166,000                     |

**Sensitivity of the Net OPEB liability to changes in the Healthcare Cost Trend Rates**

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2019, 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, 2019, 93,339 retirees were receiving the maximum amount allowed of \$1,200 per year and 780 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 net OPEB liability of the District as of the June 30 2019 measurement date, calculated using current Healthcare cost trends as well as what the District net OPEB liability would be if its health cost trends were 1-percentage point lower or 1-percentage-point higher than the current healthcare cost trend rate:

|                    | <b>1%<br/>Decrease</b> | <b>Current<br/>Trend<br/>Rates</b> | <b>1%<br/>Increase</b> |
|--------------------|------------------------|------------------------------------|------------------------|
| Net OPEB Liability | \$ 1,318,000           | \$ 1,319,000                       | \$ 1,319,000           |

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (Continued)**

**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](http://www.psers.pa).

**DISTRICT- POST-RETIREMENT HEALTHCARE BENEFIT PLAN**

The Moniteau School District provides post-retirement healthcare benefits, in addition to those described in Note 10, for employees who elected early retirement under prior and current collective bargaining agreements. The early retirement program was established by the authority of The Moniteau School District Board of Education.

The collective bargaining agreement between the District and the Moniteau Education Association (MEA) during the period July 1, 1995 through June 30, 2000 entitles eligible employees to health insurance, prescription and dental benefits to age 65. During the term of the current collective bargaining agreement (July 1, 2010 to June 30, 2014), eligible employees with twenty (20) years of employment as defined by the PSERS (Note 10), ten (10) of which are with the Moniteau School District, are entitled to choose between a cash incentive payment or health care benefits.

The cash incentive payment is in lieu of health care benefits and is calculated based on a formula as described in the agreement. As an alternative option to the cash incentive payment, eligible retired employees and their spouses can elect to receive ten (10) years of managed health care coverage through the District.

The plan is unfunded and does not issue a publicly available financial report. These benefits are accounted for in accordance with GASB Statement No. 75, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions.

**FUNDING POLICY**

The contribution requirements of plan members and the School District are established and may be amended by the Moniteau Board of Education. The plan is funded on a pay-as-you-go basis, i.e. premiums are paid to fund the health care benefits provided to current retirees. There are no assets that have been segregated and restricted to provide for retiree medical benefits. During the 2019-2020 fiscal year, the Moniteau School District paid premiums of approximately \$468,558 for 32 participants. Total retiree contributions made by plan members were \$35,600 for the year ended June 30, 2020.

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**DISTRICT- POST-RETIREMENT HEALTHCARE BENEFIT PLAN (Continued)**

**Participant Data**

Employees covered by benefit terms as of the July 1, 2018 actuarial valuation were as follows:

|                  | <b>PARTICIPANT<br/>DATA</b> |
|------------------|-----------------------------|
| Active employees | 151                         |
| Retirees         | 33                          |
| Total            | 184                         |

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

The District's total OPEB liability of \$6,426,631 was measured as of July 1, 2018, and was determined by an actuarial valuation performed as of July 1, 2018. As the District's OPEB Plan is unfunded, the total OPEB liability is equal to the net OPEB liability. The July 1, 2018 valuation reflected the following change in total OPEB liability:

|                                                    |              |
|----------------------------------------------------|--------------|
| Balance at July 1, 2018                            | \$ 6,561,557 |
| Changes for the year:                              |              |
| Service cost                                       | 409,425      |
| Interest                                           | 199,050      |
| Changes of benefit terms                           | -            |
| Differences between expected and actual experience | -            |
| Changes in assumptions or other inputs *           | (205,390)    |
| Benefit payments                                   | (538,011)    |
| Net Changes                                        | (134,926)    |
| Balance at June 30, 2019                           | \$ 6,426,631 |

For the year ended June 30, 2020, Moniteau School District recognized OPEB expense of \$509,565.



**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**DISTRICT- POST-RETIREMENT HEALTHCARE BENEFIT PLAN (Continued)**

**OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

At June 30, 2020, the District report deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|                                                                   | <b>Deferred Outflows<br/>of Resources</b> | <b>Deferred Inflows<br/>of Resources</b> |
|-------------------------------------------------------------------|-------------------------------------------|------------------------------------------|
| Benefit Payments subsequent to the<br>Measurement Date - (7/1/19) | \$ 500,536                                | \$ -                                     |
| Difference between expected and<br>actual experience              | -                                         | 166,068                                  |
| Changes in assumptions                                            | -                                         | 580,818                                  |
|                                                                   | \$ 500,536                                | \$ 746,886                               |

The \$500,536 reported as deferred outflows of resources related to OPEB resulted from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the measurement year ended June 30, 2020.

Other amounts reported as deferred inflows/outflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <b>Measurement<br/>Date<br/>Year ended<br/>June 30,</b> | <b>Reporting<br/>Date<br/>Year ended<br/>June 30,</b> | <b>Amortization<br/>Amount</b> |
|---------------------------------------------------------|-------------------------------------------------------|--------------------------------|
| 2020                                                    | 2021                                                  | \$ (66,932)                    |
| 2021                                                    | 2022                                                  | (66,932)                       |
| 2022                                                    | 2023                                                  | (66,932)                       |
| 2023                                                    | 2024                                                  | (66,932)                       |
| 2024                                                    | 2025                                                  | (66,932)                       |
| Thereafter                                              | Thereafter                                            | (412,226)                      |

**Actuarial Assumptions and Other Inputs to Calculate the Total OPEB Liability**

- Discount rate – 3.36% based on S & P Municipal Bond 20 Year High Grade Rate Index at 7/1/19.
- Salary increases – 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%.

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**DISTRICT- POST-RETIREMENT HEALTHCARE BENEFIT PLAN (Continued)**

**Actuarial Assumptions and Other Inputs to Calculate the Total OPEB Liability (Continued)**

- Withdrawal – Rates of withdrawal vary by age, gender and years of service. Rates for new employees start at 22.9% for both men and women and decrease with age and service.
- Mortality – Separate rates are assumed preretirement and postretirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation.
- Disability – No disability assumed.
- Retirement – Assumed retirement rates are based on PSERS plan experience and vary by age, service and gender.
- Percent of eligible retirees electing coverage in plan – 100% of retirees who receive a subsidy are assumed to elect coverage. 10% of retirees who never receive a subsidy are assumed to elect coverage
- Percent married at retirement – 75% 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 design, 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.
- Retiree contributions – retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend Rates.
- Health Care Cost Trend Rate – 6.0% in 2018, and 5.5% in 2019 through 2021. Rates gradually decrease from 5.4% in 2022 to 3.8% 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
- Participant data – based on census information as of July 2018.

**Sensitivity of the Total OPEB liability to Changes in the Discount Rate**

The following is the Total OPEB Liability to the District, as well as the Total OPEB Liability using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

|                      | <b>1%</b>       | <b>Current</b>  | <b>1%</b>       |
|----------------------|-----------------|-----------------|-----------------|
|                      | <b>Decrease</b> | <b>Discount</b> | <b>Increase</b> |
|                      | <b>2.36%</b>    | <b>Rate</b>     | <b>4.36%</b>    |
|                      | <b>3.36%</b>    | <b>3.36%</b>    | <b>4.36%</b>    |
| Total OPEB Liability | \$ 6,977,259    | \$ 6,426,631    | \$ 5,910,205    |

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**DISTRICT- POST-RETIREMENT HEALTHCARE BENEFIT PLAN (Continued)**

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

The following is the Total OPEB Liability to the District, as well as the Total OPEB Liability using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

|                      | 1%<br>Decrease | Current<br>Trend<br>Rates | 1%<br>Increase |
|----------------------|----------------|---------------------------|----------------|
| Total OPEB Liability | \$ 5,537,226   | \$ 6,426,631              | \$ 7,504,904   |

**NOTE 12 – JOINTLY GOVERNED ORGANIZATIONS**

**BUTLER COUNTY AREA VOCATIONAL TECHNICAL SCHOOL**

The Moniteau School District, in conjunction with six other Western Pennsylvania School Districts, fund the operating and capital budget of the Butler County Area Vocational Technical School. The technical school is designed to teach students trade related professions. Each district's share of the operating budget is based on its average daily membership. Each district's share of the capital budget is based on the ratio of the district's market valuation to the total market valuation of all participating districts. The Butler County Area Vocational Technical School issues separate financial statements annually which can be obtained by contacting the Vo-Tech directly.

**MIDWESTERN INTERMEDIATE UNIT IV**

The Moniteau School District participates with 26 other School Districts located in the Counties of Butler, Lawrence and Mercer in the Midwestern Intermediate Unit IV (IU IV). The IU IV was established in 1971 by Act 102 of the Commonwealth of Pennsylvania to function as a regional educational service agency for 27 school districts, as well as nonpublic schools and other institutions, located within the aforementioned counties. The IU IV provides services relative to curriculum development, continuing education, educational planning, instructional materials, pupil personnel, state and federal agency liaison and managerial oversight. The Midwestern Intermediate Unit IV is governed by a thirteen (13) member board appointed by the 27 participating school districts on a rotating basis. The School District contributed \$18,497 for operating contributions and transportation recovery costs to IU IV through state subsidy withholdings for the year ended June 30, 2020. Midwestern Intermediate Unit IV issues separate financial statements annually which can be obtained by contacting the IU IV directly.

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 13 - RISK MANAGEMENT**

**GENERAL INSURANCE CLAIMS**

The Moniteau School District is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.

**HEALTH INSURANCE**

The Moniteau School District is a member of the Midwestern Health Combine. The Consortium is a public entity risk pool designed to administer health and medical insurance risks on a pooled risk basis. The Consortium elected to finance these health care benefits using a self-insured approach known as an Administrative Service Contract (ASC) arrangement. Under this arrangement, the consortium contracts for an insurer (Highmark Blue Cross/Blue Shield) to settle the payment for benefits at their provider discounted contract amounts plus a fee for administration rather than paying for benefits at non-discounted claims rates. The Reschini Group performs billing and collection services for the Consortium's deposit (medical) and premium (supplemental) amounts. Billing administration is provided through Crown Benefits Administration who also monitors and submits to Highmark all enrollment and eligibility changes for all coverages. Contributions from participating schools are determined annually in advance by the Consortium's operating committee. These contributions are based on amounts required to fund anticipated benefits and claims, as well as operational costs. The monthly payments of each member are determined by the terms of the medical benefit chosen by such members.

Participating school districts are permitted to withdraw from the Consortium, and are entitled to a vested interest in the Consortium fund balance after settlement of all claims related to that District over a period of 12 months from the date of withdrawal. As of June 30, 2020, the total Consortium net assets reflected a balance of \$14,859,967.

**NOTE 14 – CONTINGENCIES**

**STATE AND FEDERAL SUBSIDIES**

The Moniteau School District's state and federally funded programs are subject to program compliance audits by various governmental agencies. The audit scopes of these program compliance audits are different than the scope of financial audits performed by an outside, independent certified public accounting firm. The District is potentially liable for any expenditure disallowed by the results of these program compliance audits. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

**LEGAL MATTERS**

The Moniteau School District, in the normal course of operations, is party to various legal matters normally associated with school district such as real estate tax assessment appeals, personnel wage and benefits, student education and athletics, construction projects, and other miscellaneous legal matters. The District is not aware of any current claims, litigation or assessments against the District that would adversely impact the financial position of the District as of the date of this report.

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 15 – PRIOR PERIOD ADJUSTMENT**

The prior period adjustments of \$(50,793) to the July 1, 2019 net position of the School's governmental activities and \$50,793 to the July 1, 2019 net position of the School's business-type activities represents a corrective action required by PDE in regards to the excess transfer from the Food Service Fund to the General Fund in the 2018-2019 fiscal year of indirect/direct costs of \$99,330 for which the District did not have an acceptable method for indirect/direct cost support to justify the transfer. The District subsequently, as a corrective action, calculated the indirect costs utilizing the di minimis indirect cost rate of 10% allowed by PDE. The total transferred of \$99,330 less the allowable transfer of \$48,536 left \$50,793 in monies that were required to be transferred back to the Food Service Fund. The prior period adjustment for this \$50,793 to record the transfer is reflected in the financial statements as mentioned above.

**NOTE 16 – SUBSEQUENT EVENTS**

Early in 2020, a new strain of the coronavirus (COVID-19) spread through China as well as other countries including the United States. The impact of the virus varies from region to region and from day to day, and any significant additional spreading of the virus could adversely affect the School District's business. The outbreak of the COVID-19 virus is likely to have a further negative impact in 2020-2021 on the global and local economy and, in the future, might impact the School District's financial results in 2020-2021 and beyond. Given the dynamic nature of this outbreak, however, the extent to which the COVID-19 virus impacts the School District's results will depend on future developments, which remain highly uncertain and cannot be predicted at this time. The District has been awarded COVID related funding from the Elementary and Secondary School Emergency Relief Fund (ESSER Fund and ESSER II Fund) from the Department of Education totaling approximately \$1,405,595.

Management has determined that there are no additional events subsequent to June 30, 2020 through the February 8, 2021 date of the 'Independent Auditor's Report' date, which is the date the financial statements were available to be issued, that require additional disclosure in the financial statements.

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

**MONITEAU SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**DEFINED BENEFIT PENSION PLAN**  
**JUNE 30,**

| <b>As of the measurement date of June 30,</b>                                                               | <b><u>2019</u></b> | <b><u>2018</u></b> | <b><u>2017</u></b> | <b><u>2016</u></b> | <b><u>2015</u></b> | <b><u>2014</u></b> | <b><u>2013</u></b> |
|-------------------------------------------------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| District's proportion of the net pension liability                                                          | 0.0620%            | 0.0617%            | 0.0597%            | 0.0603%            | 0.0589%            | 0.0587%            | 0.0573%            |
| District's proportionate share of the net pension liability                                                 | \$ 29,005,000      | \$ 29,619,000      | \$ 29,485,000      | \$ 29,883,000      | \$ 25,513,000      | \$ 23,234,000      | \$ 23,456,000      |
| District's covered-employee payroll                                                                         | \$ 8,545,188       | \$ 8,307,168       | \$ 7,946,090       | \$ 7,804,868       | \$ 7,575,905       | \$ 7,486,237       | \$ 7,356,727       |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 339.43%            | 356.55%            | 371.06%            | 382.88%            | 336.77%            | 310.36%            | 318.84%            |
| Plan fiduciary net position as a percentage of the total pension liability                                  | 55.66%             | 54.00%             | 51.84%             | 50.14%             | 54.36%             | 57.24%             | 54.39%             |

The amounts presented for each fiscal year were determined as of the measurement date, which is June 30 of the preceding fiscal year. This schedule is intended to illustrate information for a ten (10) year period. Information for that ten year period will be presented as information becomes available.

**MONITEAU SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF SCHOOL DISTRICT'S CONTRACTUALLY REQUIRED CONTRIBUTIONS**  
**DEFINED BENEFIT PENSION PLAN**  
**JUNE 30,**

|                                                                     | <u>2020</u>        | <u>2019</u>        | <u>2018</u>        | <u>2017</u>        | <u>2016</u>        | <u>2015</u>        | <u>2014</u>        | <u>2013</u>      |
|---------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|
| Contractually Required Contributions                                | \$ 2,889,192       | \$ 2,772,302       | \$ 2,607,378       | \$ 2,340,964       | \$ 2,080,840       | \$ 1,589,429       | \$ 1,228,445       | \$ 907,436       |
| Contribution in relation to the contractually required contribution | <u>(2,889,192)</u> | <u>(2,772,302)</u> | <u>(2,607,378)</u> | <u>(2,340,964)</u> | <u>(2,080,840)</u> | <u>(1,589,429)</u> | <u>(1,228,445)</u> | <u>(907,436)</u> |
| Contribution deficiency (excess)                                    | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>      |
| District's covered payroll                                          | \$ 8,689,248       | \$ 8,545,188       | \$ 8,307,168       | \$ 7,946,090       | \$ 7,804,868       | \$ 7,575,905       | \$ 7,486,237       | \$ 7,356,727     |
| Contributions as a percentage of covered-employee payroll           | 33.25%             | 32.44%             | 31.39%             | 29.46%             | 26.66%             | 20.98%             | 16.41%             | 12.33%           |

This schedule is intended to illustrate information for a ten (10) year period. Information for that ten year period will be presented as information becomes available.

Note: Beginning in 2018 with the implementation of GASB 75, contributions as reported above reflect the pension portion of the contribution only. The premium assistance (OPEB) portion of the contribution is reflected on a separate RSI schedule. Prior year contributions reflect both the pension and premium assistance amounts combined.



**MONITEAU SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**  
**PSERS PLAN**  
**JUNE 30,**

| <b>As of the measurement date of June 30,</b>                                                               | <b>2019</b>  | <b>2018</b>  | <b>2017</b>  | <b>2016</b>  |
|-------------------------------------------------------------------------------------------------------------|--------------|--------------|--------------|--------------|
| District's proportion of the net OPEB liability                                                             | 0.0620%      | 0.0617%      | 0.0597%      | 0.0603%      |
| District's proportionate share of the net OPEB liability                                                    | \$ 1,319,000 | \$ 1,286,000 | \$ 1,216,000 | \$ 1,299,000 |
| District's covered-employee payroll                                                                         | \$ 8,545,188 | \$ 8,307,168 | \$ 7,946,090 | \$ 7,804,868 |
| District's proportionate share of the net OPEB liability<br>as a percentage of its covered-employee payroll | 15.44%       | 15.48%       | 15.30%       | 16.64%       |
| Plan fiduciary net position as a percentage of<br>the total OPEB liability                                  | 5.56%        | 5.56%        | 5.73%        | N/A          |

The amounts presented for each fiscal year were determined as of the measurement date, which is June 30 of the preceding fiscal year. This schedule is intended to illustrate information for a ten (10) year period. Information for that ten year period will be presented as information becomes available.

**MONITEAU SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF SCHOOL DISTRICT'S CONTRACTUALLY REQUIRED OPEB CONTRIBUTIONS**  
**PSERS PLAN**  
**JUNE 30,**

|                                                                     | <u>2020</u>     | <u>2019</u>     | <u>2018</u>     | <u>2017</u>     |
|---------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|
| Contractually Required Contributions                                | \$ 72,554       | \$ 70,583       | \$ 68,183       | \$ 64,702       |
| Contribution in relation to the contractually required contribution | <u>(72,554)</u> | <u>(70,583)</u> | <u>(68,183)</u> | <u>(64,702)</u> |
| Contribution deficiency (excess)                                    | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     |
| District's covered payroll                                          | \$ 8,689,248    | \$ 8,545,188    | \$ 8,307,168    | \$ 7,946,090    |
| Contributions as a percentage of covered-employee payroll           | 0.83%           | 0.83%           | 0.82%           | 0.81%           |

This schedule is intended to illustrate information for a ten (10) year period. Information for that ten year period will be presented as information becomes available.

**MONITEAU SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**DISTRICT POST-RETIREMENT HEALTHCARE PLAN**  
**JUNE 30,**

|                                                                | <b>2020</b>         | <b>2019</b>         | <b>2018</b>         |
|----------------------------------------------------------------|---------------------|---------------------|---------------------|
| Service cost                                                   | \$ 409,425          | \$ 470,683          | \$ 461,676          |
| Interest                                                       | 199,050             | 225,844             | 181,921             |
| Changes of benefit terms                                       | -                   | 16,455              | -                   |
| Differences between expected and actual                        | -                   | (196,262)           | -                   |
| Changes of assumptions or other inputs                         | (205,390)           | (401,308)           | (67,157)            |
| Benefit payments                                               | (538,011)           | (651,625)           | (704,932)           |
| <b>Net change in net OPEB liability</b>                        | <b>(134,926)</b>    | <b>(536,213)</b>    | <b>(128,492)</b>    |
| <b>Net OPEB liability - beginning of year</b>                  | <b>6,561,557</b>    | <b>7,097,770</b>    | <b>7,226,262</b>    |
| <b>Net OPEB liability - end of year</b>                        | <b>\$ 6,426,631</b> | <b>\$ 6,561,557</b> | <b>\$ 7,097,770</b> |
| <br>                                                           |                     |                     |                     |
| Covered-employee payroll                                       | \$ 7,984,719        | \$ 7,984,719        | \$ 7,687,812        |
| <br>                                                           |                     |                     |                     |
| Net OPEB liability as a percentage of covered employee payroll | 80.49%              | 82.18%              | 92.32%              |

This schedule is intended to illustrate information for a ten (10) year period. Information for the ten-year period will be presented as information becomes available.

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2020**

**NOTE 1 - FACTORS AND TRENDS USED IN THE ACTUARIAL VALUATION FOR PSERS PENSION BENEFITS**

**Changes in Benefit Terms**

None

**Changes in Assumptions used in the Measurement of PSERS' Total Pension Liability Beginning June 30, 2019**

None

**Changes in Assumptions used in the Measurement of PSERS' Total Pension Liability Beginning June 30, 2018**

None

**Changes in Actuarial Assumptions used in Calculations of Actuarially Determined Contributions**

None

**NOTE 2 - FACTORS AND TRENDS USED IN THE ACTUARIAL VALUATION FOR THE PSERS POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB)**

**Changes in Benefit Terms**

None

**Changes in Assumptions used in the Measurement of PSERS' Total OPEB Liability Beginning June 30, 2019**

The discount rate decreased from 2.98% to 2.79%.

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2020**

**NOTE 2 - FACTORS AND TRENDS USED IN THE ACTUARIAL VALUATION FOR THE PSERS POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB)**  
(Continued)

**Changes in Assumptions used in the Measurement of PSERS' Total OPEB Liability Beginning June 30, 2018**

The discount rate increased from 3.13% to 2.98%.

**Changes in Actuarial Assumptions used in Calculations of Actuarially Determined Contributions**

None

**Actuarial Assumptions used in Calculations of Actuarially Determined Contributions**

The following actuarial methods and assumptions were used to determine contribution rates reported in the OPEB required supplementary schedules:

- The results of the actuarial valuation as of June 30, 2016 determined the employer contribution rate for fiscal year 2019.
- 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.)

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2020**

**NOTE 3 - FACTORS AND TRENDS USED IN THE ACTUARIAL VALUATION FOR THE RETIREE OPEB SCHOOL PLAN**

**Changes in Benefit Terms**

None

**Changes in Assumptions**

The discount rate changed from 2.98% to 3.36%.

**ACTUARIAL ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS**

The plan does not have a contribution requirement.

**MONITEAU  
SCHOOL DISTRICT**

***SUPPLEMENTARY INFORMATION***

***AS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS  
AND UNIFORM GUIDANCE***

**Mark C. Turnley**

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Certified Public Accountant

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

**To the Management and Board of Education  
Moniteau School District**

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standard* 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 the Moniteau School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Moniteau School District's basic financial statements, and have issued my report thereon dated February 8, 2021.

**Internal Control over Financial Reporting**

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

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

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



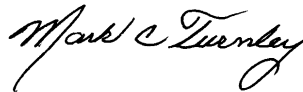
**To the Board of Education  
Moniteau School District**

**Compliance and Other Matters**

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

**Purpose of this Report**

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



Mark C. Turnley  
Certified Public Accountant

February 8, 2021  
New Brighton, Pennsylvania

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

**To the Board of Education  
Moniteau School District**

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM**

I have audited the Moniteau 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 the Moniteau School District's major federal programs for the year ended June 30, 2020. The Moniteau 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**

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

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

**Opinion on Each Major Federal Program**

In my opinion, Moniteau School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

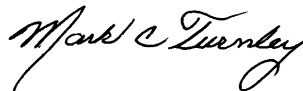
## **REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

Management of Moniteau School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Moniteau 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 my 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, I do not express an opinion on the effectiveness of the Moniteau School District's internal control over compliance.

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

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

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



Mark C. Turnley  
Certified Public Accountant

February 8, 2021  
New Brighton, Pennsylvania

**MONITEAU SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

| FEDERAL GRANTOR / PROJECT TITLE                                        | FUNDING SOURCE | FEDERAL CFDA NUMBER | PASS-THROUGH GRANTOR NUMBER | GRANT PERIOD BEGINNING / ENDING DATE | PROGRAM AWARD AMOUNT | TOTAL RECEIVED THIS PERIOD | ACCRUED (DEFERRED) REVENUE JULY 1 | REVENUE RECOGNIZED | EXPENDITURES      | ACCRUED (DEFERRED) REVENUE JUNE 30 |
|------------------------------------------------------------------------|----------------|---------------------|-----------------------------|--------------------------------------|----------------------|----------------------------|-----------------------------------|--------------------|-------------------|------------------------------------|
| <b>U.S. Department of Education:</b>                                   |                |                     |                             |                                      |                      |                            |                                   |                    |                   |                                    |
| <b>Passed through Midwestern Intermediate Unit #4</b>                  |                |                     |                             |                                      |                      |                            |                                   |                    |                   |                                    |
| IDEA                                                                   | Indirect       | 84.027              | 062-190004                  | 7/1/18-9/30/19                       | \$ 286,035           | \$ 248,715                 | \$ 248,715                        | \$ -               | \$ -              | \$ -                               |
| IDEA - Section 619                                                     | Indirect       | 84.173              | 131-190004                  | 7/1/18-6/30/19                       | 3,610                | 3,610                      | 3,610                             | -                  | -                 | -                                  |
| IDEA                                                                   | Indirect       | 84.027              | 062-200004                  | 7/1/19-9/30/20                       | 287,404              | 35,300                     | -                                 | 287,404            | 287,404           | 252,104                            |
| IDEA - Section 619                                                     | Indirect       | 84.173              | 131-200004                  | 7/1/19-6/30/20                       | 3,411                | -                          | -                                 | 3,411              | 3,411             | 3,411                              |
|                                                                        |                |                     |                             |                                      |                      | <u>\$ 287,625</u>          | <u>\$ 252,325</u>                 | <u>\$ 290,815</u>  | <u>\$ 290,815</u> | <u>\$ 255,515</u>                  |
| <b>Passed through Lancaster Lebanon Interediate Unit #13:</b>          |                |                     |                             |                                      |                      |                            |                                   |                    |                   |                                    |
| Individuals with Disabilities Education                                | Indirect       | 84.027              | 062-20-0033                 | 7/1/19-9/30/20                       | N/A                  | -                          | -                                 | 7,000              | 7,000             | 7,000                              |
|                                                                        |                |                     |                             |                                      |                      | <u>\$ -</u>                | <u>\$ -</u>                       | <u>\$ 7,000</u>    | <u>\$ 7,000</u>   | <u>\$ 7,000</u>                    |
| <b>TOTAL DEPARTMENT OF EDUCATION (IDEA Cluster)</b>                    |                |                     |                             |                                      |                      | <u>\$ 287,625</u>          | <u>\$ 252,325</u>                 | <u>\$ 297,815</u>  | <u>\$ 297,815</u> | <u>\$ 262,515</u>                  |
| <b>U.S. Department of Health and Human Services:</b>                   |                |                     |                             |                                      |                      |                            |                                   |                    |                   |                                    |
| <b>Passed through Pa. Dept. of Public Welfare:</b>                     |                |                     |                             |                                      |                      |                            |                                   |                    |                   |                                    |
| Title 19                                                               | Indirect       | 93.778              | N/A                         | 7/1/18-6/30/19                       | N/A                  | \$ 4,021                   | \$ 4,021                          | \$ -               | \$ -              | \$ -                               |
| Title 19                                                               | Indirect       | 93.778              | N/A                         | 7/1/19-6/30/20                       | N/A                  | 904                        | -                                 | 5,938              | 5,938             | 5,034                              |
| <b>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>                   |                |                     |                             |                                      |                      | <u>\$ 4,925</u>            | <u>\$ 4,021</u>                   | <u>\$ 5,938</u>    | <u>\$ 5,938</u>   | <u>\$ 5,034</u>                    |
| <b>U.S. Department of Homeland Security:</b>                           |                |                     |                             |                                      |                      |                            |                                   |                    |                   |                                    |
| <b>Passed through Pa. Dept. of Emergency Management:</b>               |                |                     |                             |                                      |                      |                            |                                   |                    |                   |                                    |
| Disaster Grants - Public Assistance                                    | Indirect       | 97.036              | 019-00B33F-00               | 1/20/20-Current                      | \$ 8,973             | \$ -                       | \$ -                              | \$ 6,730           | \$ 6,730          | \$ 6,730                           |
| <b>TOTAL DEPARTMENT OF HOMELAND SECURITY</b>                           |                |                     |                             |                                      |                      | <u>\$ -</u>                | <u>\$ -</u>                       | <u>\$ 6,730</u>    | <u>\$ 6,730</u>   | <u>\$ 6,730</u>                    |
| <b>U.S. Department of Agriculture:</b>                                 |                |                     |                             |                                      |                      |                            |                                   |                    |                   |                                    |
| <b>Passed through Pa. Dept. of Education (Child Nutrition Cluster)</b> |                |                     |                             |                                      |                      |                            |                                   |                    |                   |                                    |
| National School                                                        |                |                     |                             |                                      |                      |                            |                                   |                    |                   |                                    |
| Lunch Program                                                          | Indirect       | 10.555              | N/A                         | 7/1/18-6/30/19                       | N/A                  | \$ 47,704                  | \$ 47,704                         | \$ -               | \$ -              | \$ -                               |
| Lunch Program                                                          | Indirect       | 10.555              | N/A                         | 7/1/19-6/30/20                       | N/A                  | 287,334                    | -                                 | 291,155            | 291,155 (1)       | 3,821                              |
| Breakfast Program                                                      | Indirect       | 10.553              | N/A                         | 7/1/18-6/30/19                       | N/A                  | 19,550                     | 19,550                            | -                  | -                 | -                                  |
| Breakfast Program                                                      | Indirect       | 10.553              | N/A                         | 7/1/19-6/30/20                       | N/A                  | 124,539                    | -                                 | 126,955            | 126,955 (1)       | 2,416                              |
| Special Milk                                                           | Indirect       | 10.556              | N/A                         | 7/1/18-6/30/19                       | N/A                  | 312                        | 312                               | -                  | -                 | -                                  |
|                                                                        |                |                     |                             |                                      |                      | <u>\$ 479,439</u>          | <u>\$ 67,566</u>                  | <u>\$ 418,110</u>  | <u>\$ 418,110</u> | <u>\$ 6,237</u>                    |
| <b>Passed through Pa. Dept. of Education (Child Nutrition Cluster)</b> |                |                     |                             |                                      |                      |                            |                                   |                    |                   |                                    |
| National School Lunch Program                                          | Indirect       | 10.555              | N/A                         | 7/1/19-6/30/20                       | N/A                  | \$ 63,341                  | \$ -                              | \$ 63,341          | \$ 63,341 (1)     | \$ -                               |
| <b>TOTAL DEPARTMENT OF AGRICULTURE</b>                                 |                |                     |                             |                                      |                      | <u>\$ 542,780</u>          | <u>\$ 67,566</u>                  | <u>\$ 481,451</u>  | <u>\$ 481,451</u> | <u>\$ 6,237</u>                    |
| <b>TOTAL FEDERAL ASSISTANCE</b>                                        |                |                     |                             |                                      |                      | <u>\$ 835,330</u>          | <u>\$ 323,912</u>                 | <u>\$ 791,934</u>  | <u>\$ 791,934</u> | <u>\$ 280,516</u>                  |

# **Reconciliation with federal subsidy confirmation:**

|                                               |                   |
|-----------------------------------------------|-------------------|
| Per above                                     | \$ 835,330        |
| School Lunch/Breakfast matching state subsidy | 30,415            |
| Donated commodities                           | (63,341)          |
| IDEA                                          | (287,625)         |
| Medical Assistance - Access                   | 56,774            |
| Medical Assistance - Access Administration    | (4,925)           |
| <b>Per confirmation</b>                       | <u>\$ 566,628</u> |

(1) Denotes Major Programs

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2020**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the 'Schedule') includes the federal grant activity administered by the Moniteau School District for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Grant Guidance – UGG)*. Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position or changes in net position of the Moniteau School District.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF ACCOUNTING**

Expenditures reported on the Schedule are presented using the accrual method of accounting. Under this method, grant revenue is recognized to the extent expenditures are incurred. Expenditures are recognized when the liability for the expenditure is incurred rather than when the disbursement is actually made.

The federal expenditures are recognized, as applicable, under the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or limited to reimbursement.

**NOTE 3 - RELATIONSHIP TO FINANCIAL STATEMENTS**

Federal financial award revenues are included in the financial statements as 'local source' and 'federal source' revenues.

**NOTE 4 – RECEIVABLES AND UNEARNED REVENUE**

Federal grants receivable are included as part of 'due from other governments' in Exhibit A and Exhibit C as referenced in Note 4 to the Financial Statements. Unearned federal grant revenue, if any, is included as part of 'unearned revenue' in Exhibit A and Exhibit C, and is referenced in Note 6 to the Financial Statements.

**NOTE 5 - NON-CASH ASSISTANCE**

The Moniteau School District received donated commodities from the Department of Agriculture in connection with its food service program. The amount of non-cash assistance expended in the accompanying schedule of expenditures of federal awards reflects the fair market value of the commodities used during the 2019-2020 fiscal year.

**NOTE 6 – INDIRECT COST RATE**

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

**MONITEAU SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_yes   X  no
- Significant deficiency(ies) identified? \_\_\_yes   X  no

Noncompliance material to financial statements noted? \_\_\_yes   X  no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? \_\_\_yes   X  no
- Significant deficiency(ies) identified? \_\_\_yes   X  no

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

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

Identification of major programs:

| <u>CFDA number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|-------------------------------------------|
| 10.555                | National School Lunch Program             |
| 10.553                | National School Breakfast Program         |

The dollar threshold for distinguishing type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? \_\_\_yes   X  no

**Section II – Financial Statement Findings**

Findings related to the financial statements which are required to be report in accordance with Government Auditing Standards.

None

**Section III – Federal Award Findings and Questioned Costs**

Findings and questioned costs related to Federal Awards which are required to be reported in accordance with the Uniform Guidance 2 CFR 200.516(a):

None

**MONITEAU SCHOOL DISTRICT**  
**STATUS OF PRIOR YEAR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

The Moniteau School District for the year ended June, 2019, was not required to have a single audit by Government Auditing Standards and Uniform Guidance.