

**REPORT ON
HAMBURG AREA SCHOOL DISTRICT
SINGLE AUDIT REPORT
FISCAL YEAR ENDED JUNE 30, 2024**

HAMBURG AREA SCHOOL DISTRICT

Single Audit Report

For the Fiscal Year Ended June 30, 2024

TABLE OF CONTENTS

	<u>Page (s)</u>
Introductory Section	
Transmittal Letter	1
Report Distribution List	2
Financial Section	
Independent Auditor's Report	3 - 5
Management's Discussion and Analysis	6 - 14
Basic Financial Statements	
District-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet - Governmental Funds	17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	18
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	19
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities.....	20 - 21
Statement of Fund Net Position - Proprietary Funds	22
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds.....	23
Statement of Cash Flows - Proprietary Funds	24
Statement of Fiduciary Net Position - Fiduciary Funds	25
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	26

HAMBURG AREA SCHOOL DISTRICT

Single Audit Report

For the Fiscal Year Ended June 30, 2024

TABLE OF CONTENTS (continued)

	<u>Page (s)</u>
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	27
Notes to Basic Financial Statements	28 - 78
Required Supplemental Information	
Schedule of the District's Proportionate Share of Net Pension Liability	79
Schedule of the District's Contributions - Pension Plan.....	80
Schedule of the District's Changes in Net Defined Contribution Pension Liability.....	81
Schedule of the District's Proportionate Share of Net Defined Contribution Pension Liability.....	82
Schedule of the District's Proportionate Share of Net OPEB Liability - Multiple Employer OPEB Plan	83
Schedule of the District's Contributions - Multiple Employer OPEB Plan.....	84
Schedule of the District's Proportionate Share of Net OPEB Liability - Single Employer OPEB Plan	85
Notes to Required Supplemental Information	86 - 88
Other Supplemental Information	
Combining Balance Sheet - Non-Major Governmental Funds	89
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - All Non-Major Governmental Funds	90
General Fund - Schedule on Tax Collectors' Receipts.....	91
General Fund - Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget vs. Actual	92 - 95
Food Service Fund - Statement of Revenues, Expenses, and Changes in Fund Net Position	96

HAMBURG AREA SCHOOL DISTRICT

Single Audit Report

For the Fiscal Year Ended June 30, 2024

TABLE OF CONTENTS (continued)

	<u>Page (s)</u>
Food Service Fund - Statement of Fund Net Position.....	97
Capital Reserve Fund - Statement of Revenues and Expenditures.....	98
Capital Project Fund - Statement of Revenues and Expenditures	98
Debt Service Stabilization Fund - Statement of Revenues and Expenditures.....	99
Student Activity Funds - Statement of Changes in Fiduciary Net Position.....	100
Student Activity Funds - Statement of Fiduciary Net Position.....	100
General Long-Term Debt	
Schedule on General Obligation Notes - Series of 2019.....	101
Schedule on General Obligation Bonds - Series of 2020.....	101
Schedule on General Obligation Bonds - Series A of 2020	102
Schedule on General Obligation Bonds - Series of 2021.....	102
Single Audit Section	
Schedule of Expenditures of Federal Awards.....	103 - 104
Notes to the Schedule of Expenditures of Federal Awards.....	105 - 106
Independent Auditor's Report Under Governmental Auditing Standards	107 - 108
Independent Auditor's Report Under Uniform Guidance.....	109 - 111
Schedule of Findings and Questioned Costs.....	112 - 113

INTRODUCTORY SECTION



GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Members of
American Institute of Certified Public Accountants
Pennsylvania Institute of Certified Public Accountants

Board of School Directors
Hamburg Area School District
701 Windsor Street
Hamburg, PA 19526

We have performed the Single Audit of the Hamburg Area School District for the fiscal year ended June 30, 2024 and have enclosed the Single Audit reporting package.

The Single Audit was done to fulfill the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, which entailed:

1. An audit of the basic financial statements, and our opinion thereon;
2. A review of compliance and of internal control over financial reporting based on an audit of the financial statements performed in accordance with Governmental Auditing Standards, and our report thereon;
3. An examination of the Schedule of Expenditures of Federal Awards and our report thereon; and,
4. An opinion on compliance with requirements applicable to each major program, and a review of internal control over compliance in accordance with the Uniformed Guidance, explained above, and our report thereon.

Respectfully submitted,

December 20, 2024

REPORT DISTRIBUTION LIST

The Hamburg Area School District has distributed copies of the Single Audit Act Package to the following:

ONE COPY TO: FEDERAL AUDIT CLEARINGHOUSE
(Submitted Electronically) GENERAL SERVICES ADMINISTRATION

ONE COPY TO: COMMONWEALTH OF PENNSYLVANIA
(Submitted Electronically) OFFICE OF THE BUDGET/BUREAU OF AUDITS

ONE COPY TO: BERKS COUNTY INTERMEDIATE UNIT
RIVER CHASE BUSINESS CENTER
1111 COMMONS BOULEVARD
P. O. BOX 16050
READING, PA 19612-6050

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of School Directors
Hamburg Area School District
701 Windsor Street
Hamburg, PA 19526

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hamburg Area School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Hamburg Area School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hamburg Area School District, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6-14, the schedules associated with the District's Defined Benefit Pension Plan, and the Schedules of the District's OPEB Plans, on pages 79-88, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

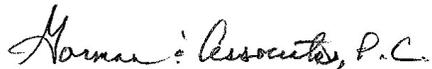
Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2024, on our consideration of the Hamburg Area School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hamburg Area School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hamburg Area School District's internal control over financial reporting and compliance.

Respectfully submitted,



Northampton, Pennsylvania
November 13, 2024

HAMBURG AREA SCHOOL DISTRICT
Hamburg, Pennsylvania

Management's Discussion and Analysis (MD&A)
Required Supplementary Information (RSI)
(UNAUDITED)
For the Fiscal Year Ended June 30, 2024

The Hamburg Area School District Management's Discussion and Analysis (MD&A) is designed to provide an overview of the District's financial activity and identify changes in the District's financial position.

The following Discussion and Analysis provides an overall review of the Hamburg Area School District's financial activities for the fiscal year ended June 30, 2024.

Financial Highlights

During the year the District's general fund revenues exceeded expenditures by \$6,541,923. The primary reasons for the excess of revenues over expenditures were a \$2.5 million budgeted fund transfer that didn't occur, historic amounts of interim real estate and investment earnings, and continued focus on expenditures based on the needs of the District.

The Board of Directors passed the 2024-25 budget without a real estate tax increase.

HAMBURG AREA SCHOOL DISTRICT
Management's Discussion and Analysis

Figure A-1 summarizes the major features of the District's financial statements. The remainder of this overview highlights the structure and contents of the statements.

A. Major Features of the District-wide and Fund Financial Statements				
	District-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	Activities of the District that are not proprietary or fiduciary, such as general operating and capital projects.	Activities the District operates similar to private businesses, such as food services.	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of Changes in Net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term.	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included.	All assets and liabilities, both financial and capital, and short-term and long-term.	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can.
Type of inflow/outflow information	All revenues and the expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and deductions during the year, regardless of when cash is received or paid.

HAMBURG AREA SCHOOL DISTRICT
Management's Discussion and Analysis

OVERVIEW OF FINANCIAL STATEMENTS

District-Wide Reporting

Two statements provide comprehensive information regarding both the short and long-term operation of the district. All financial statement elements are presented and the full accrual accounting is used. These statements are:

* Statement of Net Position – Identifies the assets owned by the district and the debt owed by the district. In addition, all required deferred outflows of resources and deferred inflows of resources are presented. Over time this statement measures the financial health of the district by revealing whether net position is increasing or decreasing.

* Statement of Activities – Identifies the costs of providing services to the district and the financial resources obtained to finance the services.

Both statements report two activities:

* Governmental Activities – Most of the district's programs and services are reported here including instruction, support services, operation of plant, pupil transportation and student activities. Property taxes and state and federal subsidies finance most of this activity.

* Business-type Activities – The school district operates a food service operation. Students and staff are charged fees to cover some of the costs of operation. State and federal breakfast and lunch programs further subsidize food service costs.

District Fund Reporting

Fund financial statements provide the next level of detail. The District's funds fall into three categories:

* Governmental Funds – Major governmental funds of the District are the General Fund, Capital Reserve Fund, and Capital Projects Fund. Non-major funds include the Debt Service Fund. These funds are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental funds present a short-term view of the District's operations and the services it provides.

* Proprietary Funds – Reports the activities of the District's Food Service operation. These statements mirror those as provided by the Business-type activities in the Governmental-wide statements, while providing more detail and additional information such as cash flows.

* Fiduciary Funds – The School District acts as a trustee to manage assets belonging to others. The Scholarship (Private Purpose) Fund and Student Activity Funds are reported on a separate statement of fiduciary net position and statement of the changes in fiduciary net position because these funds may not be used to finance district operations.

HAMBURG AREA SCHOOL DISTRICT
Management's Discussion and Analysis

DISTRICT-WIDE FINANCIAL ANALYSIS

The District's net position was \$12,891,415 at June 30, 2024, an increase of \$7,918,872. The governmental net position increased by \$7,945,137, while the business-type net position decreased by \$26,265.

Table A-1
Fiscal Year Ended June 30, 2024
Net Position

	2024			2023		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and Other Assets	\$ 36,613,883	\$ 955,276	\$ 37,430,196 (1)	\$ 30,224,456	\$ 948,503	\$ 31,023,573
Non-Current Assets	76,726,683	179,382	76,906,065	78,131,858	178,086	78,309,944
Deferred Outflow of Resource	12,746,376	360,719	13,107,095	10,665,191	268,430	10,933,621
Total Assets & Deferred Outflow of Resources	\$ 126,086,942	\$ 1,495,377	\$ 127,443,356	\$ 119,021,505	\$ 1,395,019	\$ 120,267,138
Current and Other Liabilities	\$ 9,339,284	\$ 117,033	\$ 9,317,354 (1)	\$ 9,241,487	\$ 57,379	\$ 9,149,480
Long-term Liabilities	100,892,714	1,745,423	102,638,137	101,491,915	1,682,779	103,174,694
Deferred Inflow of Resources	2,530,101	66,349	2,596,450	2,908,397	62,024	2,970,421
Total Liabilities & Deferred Inflow of Resources	\$ 112,762,099	\$ 1,928,805	\$ 114,551,941	\$ 113,641,799	\$ 1,802,182	\$ 115,294,595
Net Position						
Net Investment in Capital Assets	\$ 39,002,581	\$ 179,355	\$ 39,181,936	\$ 35,268,856	\$ 178,059	\$ 35,446,915
Restricted	805,456	-	805,456	1,134,836	-	1,134,836
Unrestricted	(26,483,194)	(612,783)	(27,095,977)	(31,023,986)	(585,222)	(31,609,208)
Total Net Position	\$ 13,324,843	\$ (433,428)	\$ 12,891,415	\$ 5,379,706	\$ (407,163)	\$ 4,972,543

(1) internal balances do not represent assets or liabilities of the total primary government

The largest component of net position is the investment in capital assets net of related debt. It represents the current value of capital assets (less depreciation/amortization) less the related debt outstanding to finance the acquisition of such assets adding or subtracting any related deferred outflows or inflows of resources. The remaining net position is comprised of unrestricted balances net of restricted balances.

HAMBURG AREA SCHOOL DISTRICT
Management's Discussion and Analysis

The results of this year's operations as a whole are reported in the Statement of Activities. Table A-2 takes information from that statement and rearranges it slightly. All revenues are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the District's activities supported by other general revenues. The largest general revenues are the Basic Education subsidy provided by the Commonwealth of Pennsylvania and real estate taxes assessed to the owners of property in the Hamburg Area School District.

Table A-2
Fiscal Year Ended June 30, 2024
Changes in Net Position

	2024			2023		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues						
<i>Program Revenues</i>						
Charges for Services	\$ 113,888	\$ 567,278	\$ 681,166	\$ 90,892	\$ 564,782	\$ 655,674
Operating grants and contributions	10,850,891	1,195,510	12,046,401	9,283,210	1,164,101	10,447,311
Capital grants and contributions	1,020,098	-	1,020,098	339,637	-	339,637
<i>General Revenues</i>						
Property taxes	29,530,818	-	29,530,818	27,479,473	-	27,479,473
Other taxes	3,256,147	-	3,256,147	3,439,312	-	3,439,312
Grants, subsidies and contributions	9,432,321	-	9,432,321	8,871,363	-	8,871,363
Other	<u>2,222,605</u>	<u>37,048</u>	<u>2,259,653</u>	<u>1,304,662</u>	<u>24,638</u>	<u>1,329,300</u>
Total Revenues	<u>56,426,768</u>	<u>1,799,836</u>	<u>58,226,604</u>	<u>50,808,549</u>	<u>1,753,521</u>	<u>52,562,070</u>
Expenses						
Instruction	30,014,545	-	30,014,545	26,576,596	-	26,576,596
Instructional student support	3,049,474	-	3,049,474	2,812,186	-	2,812,186
Administrative and financial support	4,187,043	-	4,187,043	4,025,182	-	4,025,182
Operation and maintenance of plant	3,934,585	-	3,934,585	3,548,869	-	3,548,869
Pupil transportation	2,599,696	-	2,599,696	2,420,934	-	2,420,934
Student activities	990,893	-	990,893	889,056	-	889,056
Community services	42,012	-	42,012	33,770	-	33,770
Interest on long-term debt	1,447,815	-	1,447,815	1,594,443	-	1,594,443
Unallocated depreciation expense	2,215,568	-	2,215,568	2,187,297	-	2,187,297
Food services	-	1,826,101	1,826,101	-	1,586,669	1,586,669
Total Expenses	<u>48,481,631</u>	<u>1,826,101</u>	<u>50,307,732</u>	<u>44,088,333</u>	<u>1,586,669</u>	<u>45,675,002</u>
Increase (decrease) in net position	\$ 7,945,137	\$ (26,265)	\$ 7,918,872	\$ 6,720,216	\$ 166,852	\$ 6,887,068

HAMBURG AREA SCHOOL DISTRICT
Management's Discussion and Analysis

Table A-3 shows the total cost of program expenses and the net costs of programs offset by charges for services and grant revenue. Net Cost of Services is supported by unrestricted grants including the basic education subsidy, local taxes, and other miscellaneous revenues. Local real estate taxes support 60.9% of the total cost of governmental activities in the school district.

Table A-3
Fiscal Year Ended June 30, 2024
Governmental Activities

<u>Functions/Programs</u>	2024		2023	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	\$ 30,014,545	\$ 21,481,868	\$ 26,576,596	\$ 19,504,004
Instructional Student Support	3,049,474	2,366,573	2,812,186	2,227,929
Administrative	4,187,043	3,753,057	4,025,182	3,575,071
Operation and Maintenance	3,934,585	3,676,951	3,548,869	3,282,255
Pupil Transportation	2,599,696	1,706,702	2,420,934	1,569,248
Student Activities	990,893	820,453	889,056	724,686
Community Services	42,012	36,676	33,770	28,943
Interest on Long-term Debt	1,447,815	438,906	1,594,443	1,275,161
Unallocated Depreciation Expense	2,215,568	2,215,568	2,187,297	2,187,297
Total Governmental Activities	\$ 48,481,631	\$ 36,496,754	\$ 44,088,333	\$ 34,374,594
Less:				
Unrestricted Grants and Subsidies		9,432,321		8,871,363
Total Contribution from Local Taxes and other Revenues		\$ 27,064,433		\$ 25,503,231

The only Business-type entity of the School District is the Food Service operation. As shown in Table A-4, the Food Service Department ended the fiscal year with a \$26,265 shortage. Food Service has been helped significantly by Federal funding during the COVID pandemic but the cost of operation continues to increase significantly.

The statement of Revenues, Expenses, and Changes in Net Position for this Proprietary Fund will further detail actual results of operation.

Table A-4
Fiscal Year ended June 30, 2024
Business-type Activities

<u>Functions/Programs</u>	2024		2023	
	<u>Total Cost of Services</u>	<u>Net Revenue</u>	<u>Total Cost of Services</u>	<u>Net Revenue</u>
Food Services	\$ 1,826,101	\$ (63,313)	\$ 1,586,669	\$ 142,214
Less:				
Investment Earnings		32,416		20,504
Gain/Loss Asset Sale		4,632		4,134
Total business-type Activities		\$ (26,265)		\$ 166,852

HAMBURG AREA SCHOOL DISTRICT
Management's Discussion and Analysis

The District Funds:

At June 30, 2024, the District governmental funds reported a combined fund balance of \$29,504,702. This represents a increase of \$6,214,903 from the prior year. The reasons for the increase are in the General Fund, specifically a \$2.5 million budgeted fund transfer that didn't occur, historic amounts of interim real estate and investment earnings, and continued focus on expenditures based on the needs of the District. Part of the fund balance will be used to finance an upcoming renovation at the High School.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The School District's investment in capital assets net of accumulated depreciation decreased \$1,405,175, or 1.8%. Tables A-5 and A-6 summarize the capital assets of both the governmental and business activities of the School District.

Table A-5
Capital Assets – Net of Depreciation
Governmental Activities

	<u>6/30/2024</u>	<u>6/30/2023</u>	<u>Change</u>
Land and Land Improvements (net of Accum Depreciation)	\$ 2,191,060	\$ 2,340,985	\$ (149,925)
Building and Building Improvements (net of Accum Depreciation)	72,211,596	73,824,016	(1,612,420)
Furniture and Equipment (net of Accum Depreciation)	1,496,952	1,449,476	47,476
Right-to-Use Assets - Equipment (net of Amortization)	827,075	517,381	309,694
Construction in Progress	-	-	-
TOTAL	<u>\$ 76,726,683</u>	<u>\$ 78,131,858</u>	<u>\$ (1,405,175)</u>

Table A-6
Capital Assets – Net of Depreciation
Business Activities

	<u>6/30/2024</u>	<u>6/30/2023</u>	<u>Change</u>
Furniture and Equipment (less Accum Depreciation)	\$ 179,382	\$ 178,086	\$ 1,296
Total	<u>\$ 179,382</u>	<u>\$ 178,086</u>	<u>\$ 1,296</u>

HAMBURG AREA SCHOOL DISTRICT
Management's Discussion and Analysis

DEBT ADMINISTRATION:

As of June 30, 2024, the District had outstanding debt of \$38,845,000. Figure A-7 shows outstanding debt at June 30, 2024.

Table A-7
Outstanding Debt

	<u>2024</u>	<u>2023</u>
General Obligation Bonds		
-Series of 2019	\$ 14,185,000	\$ 14,190,000
-Series of 2020	9,400,000	9,515,000
-Series of 2020A	6,080,000	8,585,000
-Series of 2021	9,180,000	9,185,000
	-	-
Total	<u>\$ 38,845,000</u>	<u>\$ 41,475,000</u>

LOOKING TO THE FUTURE:

CAPITAL PROJECTS:

The District has begun planning for a renovation project at the High School. The primary components of this proposed renovation are updating the infrastructure of the building (HVAC, roof, plumbing, lighting) and redesigning the learning spaces to make them more conducive to learning in the 21st century.

**HAMBURG AREA SCHOOL DISTRICT
Management's Discussion and Analysis**

BUDGET 2023-2024

The Board of School Directors approved a 0 millage increase for 2023-2024. The millage remains at 26.96 mills, which means that property owners will pay \$26.96 for each \$1,000.00 of assessed valuation.

The 2023-24 budget maintained the existing programs offered in the District and included expenditures to mitigate learning loss as a result of the COVID-19 pandemic.

The comparison of revenue and expenditure categories is as follows:

Table A-8

BUDGETED REVENUES

	<u>2023-2024</u>	<u>2022-2023</u>
Local	62.8%	63.3%
State	31.4%	33.3%
Federal/Other	5.7%	3.4%

BUDGETED EXPENDITURES

	<u>2023-2024</u>	<u>2022-2023</u>
Instruction	60.9%	58.3%
Support Services	27.9%	29.7%
Non Instruction/Community	2.0%	2.0%
Fund Transfers/Debt	9.2%	10.0%

CONTACTING THE DISTRICT FINANCIAL MANAGEMENT:

If you have questions about this report or wish to receive additional financial information, please contact Michele Zimmerman, Business Manager/Board Treasurer at Hamburg Area School District, 701 Windsor Street, Hamburg, PA 19526, 610-562-2241.

BASIC FINANCIAL STATEMENTS

Hamburg Area School District
Statement of Net Position
As of June 30, 2024

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 12,420,407	\$ 717,565	\$ 13,137,972
Investments	19,000,000	-	19,000,000
Receivables, net	1,567,688	-	1,567,688
Internal Balances	12,123	126,840	-
Due From Other Governments	3,219,932	12,508	3,232,440
Lease Receivable	273,811	-	273,811
Other Receivables	52,315	34,791	87,106
Inventories	36,137	63,572	99,709
Prepaid Expenses	31,470	-	31,470
Total Current Assets	36,613,883	955,276	37,430,196
Non-Current Assets:			
Land	589,069	-	589,069
Site Improvements (net of depreciation)	1,601,991	-	1,601,991
Building and Bldg. Improvements (net of depreciation)	72,211,596	-	72,211,596
Furniture and Equipment (net of depreciation)	1,496,952	179,382	1,676,334
Intangible Right-to-Use Asset - Equipment (net of amortization)	827,075	-	827,075
Total Non-Current Assets	76,726,683	179,382	76,906,065
Total Assets	113,340,566	1,134,658	114,336,261
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources - Related to Pension	10,607,831	352,016	10,959,847
Deferred Outflows of Resources - Related to OPEB	309,720	8,703	318,423
Deferred Amount on Debt Refundings, net	1,828,825	-	1,828,825
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 126,086,942	\$ 1,495,377	\$ 127,443,356
LIABILITIES			
Current Liabilities:			
Internal Balances	\$ 126,840	\$ 12,123	\$ -
Due to other governments	64,923	-	64,923
Accounts Payable	887,327	11,282	898,609
Current Portion of Long-Term Obligations	3,158,356	-	3,158,356
Accrued Salaries and Benefits	2,538,742	32,030	2,570,772
Payroll Deductions and Withholdings	2,160,363	-	2,160,363
Payments Received in Advance	40,669	25,419	66,088
Other Current Liabilities	362,064	36,179	398,243
Total Current Liabilities	9,339,284	117,033	9,317,354
Non-Current Liabilities:			
Bonds/Notes Payable	38,646,752	-	38,646,752
Net OPEB Liability - Single Employer Plan	2,107,288	46,698	2,153,986
Net OPEB Liability - Multiple Employer Plan	2,288,160	71,264	2,359,424
Long-Term Portion of Compensated Absences	987,298	19,561	1,006,859
Net Defined Contribution Pension Liability	274,255	13,958	288,213
Net Defined Benefit Pension Liability	56,104,592	1,593,942	57,698,534
Lease Obligations	484,369	-	484,369
Total Liabilities	110,231,998	1,862,456	111,955,491
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources - Lease	273,811	-	273,811
Deferred Inflows of Resources - Related to Pension	772,004	24,295	796,299
Deferred Inflows of Resources - Related to OPEB	1,484,286	42,054	1,526,340
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	112,762,099	1,928,805	114,551,941
NET POSITION			
Net Investment in Capital Assets	39,002,581	179,355	39,181,936
Restricted For:			
Capital Projects	805,456	-	805,456
Other Restrictions	-	-	-
Unrestricted (deficit)	(26,483,194)	(612,783)	(27,095,977)
TOTAL NET POSITION	13,324,843	(433,428)	12,891,415
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 126,086,942	\$ 1,495,377	\$ 127,443,356

The Accompanying Notes are an integral part of these financial statements.

(1) Internal balances represent the amount owed to or from the two types of activities within the Primary Government. Since internal balances do not represent assets or liabilities of the total Primary Government, their balances are eliminated in the "total" column (GASB Statement No. 34, para. 58).

**Hamburg Area School District
Statement of Activities
For the Year Ended June 30, 2024**

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
GOVERNMENTAL ACTIVITIES:							
Instruction	\$ 30,014,545	\$ 32,206	\$ 8,500,471	\$ -	\$ (21,481,868)	\$ -	\$ (21,481,868)
Instructional Student Support	3,049,474	-	682,901	-	(2,366,573)	-	(2,366,573)
Admin. & Fin'l Support Services	4,187,043	-	433,986	-	(3,753,057)	-	(3,753,057)
Oper. & Maint. Of Plant Svcs.	3,934,585	-	246,445	11,189	(3,676,951)	-	(3,676,951)
Pupil Transportation	2,599,696	-	892,994	-	(1,706,702)	-	(1,706,702)
Student Activities	990,893	81,682	88,758	-	(820,453)	-	(820,453)
Community Services	42,012	-	5,336	-	(36,676)	-	(36,676)
Interest on Long-Term Debt	1,447,815	-	-	1,008,909	(438,906)	-	(438,906)
Unallocated Depreciation Expense	2,215,568	-	-	-	(2,215,568)	-	(2,215,568)
TOTAL GOVERNMENT ACTIVITIES	48,481,631	113,888	10,850,891	1,020,098	(36,496,754)	-	(36,496,754)
BUSINESS-TYPE ACTIVITIES:							
Food Services	1,826,101	567,278	1,195,510	-	-	(63,313)	(63,313)
TOTAL PRIMARY GOVERNMENT	\$ 50,307,732	\$ 681,166	\$ 12,046,401	\$ 1,020,098	\$ (36,496,754)	\$ (63,313)	\$ (36,560,067)
GENERAL REVENUES:							
Property taxes. Levied for general purposes, net					\$ 29,530,818	\$ -	\$ 29,530,818
Taxes levied for specific purposes					3,256,147	-	3,256,147
Grants, subsidies, & contributions not restricted					9,432,321	-	9,432,321
Investment Earnings					2,114,225	32,416	2,146,641
Miscellaneous Income					110,769	4,632	115,401
Special Item - Gain or (Loss) on sale of capital assets					(2,389)	-	(2,389)
TOTAL GENERAL REVENUES, SPECIAL ITEMS, EXTRAORDINARY ITEMS, AND TRANSFERS					44,441,891	37,048	44,478,939
CHANGES IN NET POSITION					7,945,137	(26,265)	7,918,872
NET POSITION - BEGINNING					5,379,706	(407,163)	4,972,543
NET POSITION - ENDING					\$ 13,324,843	\$ (433,428)	\$ 12,891,415

The Accompanying Notes are an integral part of these financial statements.

**Hamburg Area School District
Balance Sheet
Governmental Funds
As of June 30, 2024**

	GENERAL	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 11,442,655	\$ 977,753	\$ 12,420,408
Investments	19,000,000	-	19,000,000
Taxes Receivable, net	1,567,688	-	1,567,688
Due from Other Funds	12,123	-	12,123
Due from Other Governments	3,219,932	-	3,219,932
Lease Receivable	273,811	-	273,811
Other Receivables	21,137	-	21,137
Prepaid Expenditures	31,470	-	31,470
TOTAL ASSETS	\$ 35,568,816	\$ 977,753	\$ 36,546,569
<u>LIABILITIES</u>			
Due to Other Funds	\$ 126,840	\$ -	\$ 126,840
Due to Other Governments	64,923	-	64,923
Accounts Payable	482,967	-	482,967
Current Portion of Long-Term Debt	112,268	-	112,268
Accrued Salaries and Benefits	2,538,742	-	2,538,742
Payroll Deductions and Withholdings	2,160,363	-	2,160,363
Unearned Revenue	40,669	-	40,669
Other Current Liabilities	2,500	-	2,500
TOTAL LIABILITIES	5,529,272	-	5,529,272
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unearned Lease Receivable	273,811	-	273,811
Unavailable Tax Revenue	1,238,784	-	1,238,784
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	7,041,867	-	7,041,867
<u>FUND BALANCES</u>			
Nonspendable	31,470	-	31,470
Restricted	2,350	805,456	807,806
Committed	59,996	-	59,996
Assigned	24,913,503	172,297	25,085,800
Unassigned	3,519,630	-	3,519,630
TOTAL FUND BALANCES	28,526,949	977,753	29,504,702
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 35,568,816	\$ 977,753	\$ 36,546,569

The Accompanying Notes are an integral part of these financial statements.

**Hamburg Area School District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
As of June 30, 2024**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$	29,504,702
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 the assets is \$113,942,405 and the accumulated depreciation and amortization is \$37,215,722.		76,726,683
Additional receivables established that do not meet the availability criteria reflected in the fund financial statements. This amount represents the difference between the prior year receivables and the current year receivables established under the accrual basis of accounting.		31,178
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds, but not in the government-wide statement of net position.		1,238,784
The governmental funds follow the purchase method of inventory; therefore no inventory is reflected on the balance sheet. However, the statement of net position uses the consumption method of inventory.		36,137
An estimate of incurred but not reported claims (IBNR) on the District's self-insurance plan is reported as an expense on the government-wide statement of activities, but not in the fund financial statements.		(404,360)
This represents deferred outflows of resources resulting in deferred charges on refunding prior bond issues.		1,828,825
This represents deferred outflows of resources, net of deferred inflows of resources pertaining to the Net Pension/OPEB Liability		8,661,260
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities and related items at year end consist of:		<u>(104,298,366)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	\$	<u>13,324,843</u>

The Accompanying Notes are an integral part of these financial statements.

Hamburg Area School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

	GENERAL	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Local Sources	\$ 35,241,636	\$ 53,480	\$ 35,295,116
State Sources	17,636,673	-	17,636,673
Federal Sources	<u>3,213,302</u>	-	<u>3,213,302</u>
TOTAL REVENUES	<u>56,091,611</u> -----	<u>53,480</u> -----	<u>56,145,091</u> -----
EXPENDITURES			
Instruction	30,606,810	-	30,606,810
Support Services	14,027,295	2,500	14,029,795
Operation of Non-Instructional Services	1,023,819	-	1,023,819
Capital Outlay	-	378,000	378,000
Debt Service	<u>4,622,443</u>	-	<u>4,622,443</u>
TOTAL EXPENDITURES	<u>50,280,367</u>	<u>380,500</u>	<u>50,660,867</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>5,811,244</u>	<u>(327,020)</u>	<u>5,484,224</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from Leases	726,349	-	726,349
Interfund Transfers In	59	59	118
Sale/Compensation for Fixed Assets	4,330	-	4,330
Operating Transfers Out	<u>(59)</u>	<u>(59)</u>	<u>(118)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>730,679</u>	<u>-</u>	<u>730,679</u>
NET CHANGE IN FUND BALANCES	6,541,923	(327,020)	6,214,903
FUND BALANCES - BEGINNING	<u>21,985,026</u>	<u>1,304,773</u>	<u>23,289,799</u>
FUND BALANCES - ENDING	<u>\$ 28,526,949</u>	<u>\$ 977,753</u>	<u>\$ 29,504,702</u>

The Accompanying Notes are an integral part of these financial statements.

**Hamburg Area School District
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balance
to the Statement of Activities
For the Year Ended June 30, 2024**

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 6,214,903

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

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

Depreciation and amortization expense	\$ 2,806,333	
less - capital outlays	<u>1,407,876</u>	(1,398,457)

Finance Purchases and Lease Obligations provide current financial resources to governmental funds. Executing these obligations increases long-term liabilities in the statement of net position. (726,349)

In the statement of activities, only the gain on the sale of the capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of fixed assets sold. (6,719)

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred inflows of resources increased by this amount this year. 447,215

Repayment of bond principal and lease principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 3,059,488

In the statement of activities, certain operating expenses--compensated absences (vacations), other post employment benefits, and special termination benefits (early retirement)--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. This amount represents the difference between the amount earned versus the amount used. 122,229

SUB-TOTAL IN CHANGES BETWEEN BASIS OF ACCOUNTING **7,712,310**

**Hamburg Area School District
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balance
to the Statement of Activities
For the Year Ended June 30, 2024**

SUB-TOTAL IN CHANGES BETWEEN BASIS OF ACCOUNTING (Cont'd) \$ 7,712,310

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. This would include accumulated interest accreted on capital appreciation bonds. The additional interest accrued in the statement of activities over the amount due is shown here. 115,141

In the statement of activities, certain operating revenues are recognized when earned versus the revenues using the modified accrual basis of accounting in the fund statements that are recognized when the funds are available. As such, the amount shown here represents the difference between earned revenues and revenues that are earned, but not available. (194,431)

The governmental funds use the purchase method of inventory, where all items purchased are charged to expenditures. However, the statement of activities is reflected on the consumption method of recording inventory type items; therefore, this adjustment reflects the inventory difference. 4,271

The difference between current year pension/OPEB expense reported on the governmental activities column of the government-wide financial statements and the pension/OPEB contributions made this past year reported as expenditures in the governmental funds. 307,846

CHANGE IN POSITION OF GOVERNMENTAL ACTIVITIES **\$ 7,945,137**

The Accompanying Notes are an integral part of these financial statements.

**Hamburg Area School District
Statement of Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2024**

	FOOD SERVICE
<u>ASSETS</u>	
CURRENT ASSETS:	
Cash and Cash Equivalents	\$ 717,565
Due from Other Funds	126,840
Due From Other Governments	12,508
Other Receivables	34,791
Inventories	63,572
TOTAL CURRENT ASSETS	955,276

NON-CURRENT ASSETS:	
Machinery & Equipment (net)	179,382
TOTAL NON-CURRENT ASSETS	179,382
TOTAL ASSETS	\$ 1,134,658
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Outflows - Related to Pension	352,016
Deferred Outflows - Related to OPEB	8,703
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 1,495,377
<u>LIABILITIES</u>	
CURRENT LIABILITIES:	
Due to Other Funds	\$ 12,123
Accounts Payable	11,282
Unearned Revenue	36,179
Prepayments from Students	25,419
Accrued Salaries and Benefits	32,030
TOTAL CURRENT LIABILITIES	117,033

NON-CURRENT LIABILITIES:	
Long-Term Portion of Compensated Absences	19,561
Net Defined Contribution Pension Liability	13,958
Net Defined Benefit Pension Liability	1,593,942
Net OPEB Liability - Single Employer Plan	46,698
Net OPEB Liability - Multiple Employer Plan	71,264
TOTAL NON-CURRENT LIABILITIES	1,745,423
TOTAL LIABILITIES	1,862,456
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred Inflows - Related to Pension	24,295
Deferred Inflows - Related to OPEB	42,054
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	1,928,805

<u>FUND NET POSITION</u>	
Net Investment in Capital Assets	179,382
Unrestricted	(612,810)
TOTAL FUND NET POSITION	(433,428)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND NET POSITION	\$ 1,495,377

The Accompanying Notes are an integral part of these financial statements.

Hamburg Area School District
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2024

	FOOD SERVICE
OPERATING REVENUES:	
Food Service Revenue	\$ 532,917
Other Operating Revenues	38,993
TOTAL OPERATING REVENUES	571,910
OPERATING EXPENSES:	
Salaries	601,922
Employee Benefits	408,594
Purchased Professional and Technical Services	732
Purchased Property Service	41,328
Other Purchased Services	16,554
Supplies	741,784
Depreciation	14,728
Dues and Fees	459
Other Operating Expenses	-
TOTAL OPERATING EXPENSES	1,826,101
OPERATING INCOME (LOSS)	(1,254,191)
NON-OPERATING REVENUES (EXPENSES):	
Earnings on Investments	32,416
State Sources	239,378
Federal Sources	956,132
TOTAL NON-OPERATING REVENUES (EXPENSES)	1,227,926
INCOME (LOSS) BEFORE CONTRIBUTIONS:	(26,265)
Transfers In (out)	-
CHANGES IN FUND NET POSITION	(26,265)
FUND NET POSITION - BEGINNING	(407,163)
FUND NET POSITION - ENDING	\$ (433,428)

The Accompanying Notes are an integral part of these financial statements.

**Hamburg Area School District
Statement of Cash Flows
Proprietary Funds
As of June 30, 2024**

	FOOD SERVICE
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Users	\$ 500,753
Cash Received from Other Operating Revenue	52,922
Cash Payments to Employees for Services	(1,024,232)
Cash Payments to Suppliers for Goods and Services	(626,144)
Cash Payments to Other Operating Expenses	(459)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(1,097,160)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
State Sources	237,129
Federal Sources	914,257
NET CASH PROVIDED BY (USED FOR) NON-CAPITAL FINANCING ACTIVITIES	1,151,386
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Facilities Acquisition/Const./Improvement Svcs.	(16,024)
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(16,024)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Earnings on Investments	32,416
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	32,416
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	70,618
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	646,947
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 717,565
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u>	
OPERATING INCOME (LOSS)	\$ (1,254,191)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:	
Depreciation and Net Amortization	14,728
Donated Commodities Used	126,140
CHANGE IN ASSETS AND LIABILITIES:	
(Increase) Decrease in Accounts Receivable	(31,309)
(Increase) Decrease in Advances to Other Funds	(855)
(Increase) Decrease in Inventories	13,993
(Increase) Decrease in Deferred Outflows - Change in Proportion	(52,920)
(Increase) Decrease in Deferred Outflows - Current Year Contributions	(4,775)
(Increase) Decrease in Deferred Outflows - Change in Assumptions	22,573
(Increase) Decrease in Deferred Outflows - Diff. in Projected vs Actual Contributions	(1,168)
(Increase) Decrease in Deferred Outflows - Diff. between Projected vs Actual Invest. Earnings	(60,042)
Increase (Decrease) in Accounts Payable	10,280
Increase (Decrease) in Accrued Salaries and Benefits	4,883
Increase (Decrease) in Net OPEB Liability - Single Employer Plan	(18,539)
Increase (Decrease) in Net OPEB Liability - Multiple Employer Plan	2,176
Increase (Decrease) in Net Pension Defined Contribution Liability	1,482
Increase (Decrease) in Net Pension Defined Benefit Liability	84,246
Increase (Decrease) in Deferred Inflows of Resources - Change in Proportion - NPL	(3,358)
Increase (Decrease) in Deferred Inflows of Resources - Change in Assumptions	5,272
Increase (Decrease) in Deferred Inflows of Resources - Difference in Projected and Actual Contributions	(1,080)
Increase (Decrease) in Deferred Inflows of Resources - Difference in Investment Earnings	(15,122)
Increase (Decrease) in Deferred Inflows of Resources - Difference in Expected vs Actual Experience	22,656
Increase (Decrease) in Advances from Other Funds	(12,338)
Increase (Decrease) in Unearned Revenue	36,179
Increase (Decrease) in Prepayments	13,929
TOTAL ADJUSTMENTS	157,031
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ (1,097,160)

The Accompanying Notes are an integral part of these financial statements.

**Hamburg Area School District
Statement of Fiduciary Net Position
Fiduciary Funds
As of June 30, 2024**

	CUSTODIAL FUNDS
ASSETS	
Cash and Cash Equivalents	\$ 117,524
Other Receivables	712
Other Current Assets	-
TOTAL ASSETS	118,236
DEFERRED OUTFLOWS OF RESOURCES	
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 118,236
LIABILITIES	
Accounts Payable	\$ 2,468
Due to Other Funds	-
TOTAL LIABILITIES	2,468
DEFERRED INFLOWS OF RESOURCES	
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	2,468
NET POSITION	
Individuals, organizations, and other governments	115,768
TOTAL NET POSITION	\$ 118,236

The Accompanying Notes are an integral part of these financial statements.

**Hamburg Area School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2024**

	CUSTODIAL FUNDS
ADDITIONS:	
Contributions - Students	\$ 9,454
Fees Collected	61,158
Special Events	105,260
Other Income	605
INVESTMENT EARNINGS:	
Interest and Dividends	1,565
Net increase (decrease) in fair value of investments	-
Less investment expense	-
TOTAL ADDITIONS	178,042
 DEDUCTIONS:	
Payments for Student Club Activities	184,174
TOTAL DEDUCTIONS	184,174
 CHANGES IN NET POSITION	 (6,132)
 NET POSITION - BEGINNING OF YEAR	 121,900
 NET POSITION - END OF YEAR	 \$ 115,768

The Accompanying Notes are an integral part of these financial statements.

Hamburg Area School District
Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2024

	BUDGETED AMOUNTS		ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Local Sources	\$ 32,035,736	\$ 32,035,736	\$ 35,241,636	\$ 3,205,900
State Sources	16,603,335	16,603,335	17,636,673	1,033,338
Federal Sources	3,313,307	3,313,307	3,213,302	(100,005)
TOTAL REVENUES	<u>51,952,378</u>	<u>51,952,378</u>	<u>56,091,611</u>	<u>4,139,233</u>
EXPENDITURES				
Regular Instruction	20,387,590	20,809,114	20,740,187	68,927
Special Programs	9,644,759	9,537,276	8,981,977	555,299
Vocational Programs	865,381	866,829	861,652	5,177
Other Instructional Programs	97,000	97,000	21,712	75,288
Nonpublic School Programs	2,500	2,500	1,282	1,218
Higher Education Programs	5,000	5,000	-	5,000
Pupil Personnel Services	1,936,591	1,978,694	1,846,202	132,492
Instructional Staff Services	1,183,779	1,183,779	884,726	299,053
Administrative Services	2,139,363	2,200,348	2,171,360	28,988
Pupil Health	397,326	401,014	354,490	46,524
Business Services	694,645	853,821	853,060	761
Operation & Maintenance of Plant Services	4,535,407	4,367,681	4,241,017	126,664
Student Transportation Services	2,480,731	2,600,903	2,600,903	-
Central Support Services	1,634,179	1,112,179	1,035,783	76,396
Other Support Services	34,193	39,754	39,754	-
Student Activities	960,072	984,737	981,807	2,930
Community Services	45,200	45,200	42,012	3,188
Debt Service/Lease Payments	4,164,556	4,622,443	4,622,443	-
TOTAL EXPENDITURES	<u>51,208,272</u>	<u>51,708,272</u>	<u>50,280,367</u>	<u>1,427,905</u>
Excess (deficiency) of revenues over expenditures	744,106	244,106	5,811,244	5,567,138
OTHER FINANCING SOURCES (USES)				
Proceeds from Leases	-	-	726,349	726,349
Sale/Compensation for Fixed Assets	3,500	3,500	4,330	830
Budgetary Reserve	(500,000)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,077,952)</u>	<u>(2,577,952)</u>	<u>730,679</u>	<u>3,308,631</u>
NET CHANGE IN FUND BALANCES	<u>(2,333,846)</u>	<u>(2,333,846)</u>	<u>6,541,923</u>	<u>8,875,769</u>
FUND BALANCE - JULY 1, 2023	<u>\$ 18,117,379</u>	<u>\$ 18,117,379</u>	<u>\$ 21,985,026</u>	<u>\$ 3,867,647</u>
FUND BALANCE - JUNE 30, 2024	<u>\$ 15,783,533</u>	<u>\$ 15,783,533</u>	<u>\$ 28,526,949</u>	<u>\$ 12,743,416</u>

The Accompanying Notes are an integral part of these financial statements.

**Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024**

Note 1 - Description of the School District and Reporting Entity

School District

The Hamburg Area School District is located in Hamburg, Pennsylvania. The District's tax base consists of five Townships; Perry, Upper Tulpehocken, Upper Bern, Tilden, and Windsor, and three Boroughs; Hamburg, Shoemakersville, and Strausstown.

The Hamburg Area School District is a unit established, organized, and empowered by the Commonwealth of Pennsylvania for the express purpose of carrying out, on the local level, the Commonwealth's obligation to public education, as established by the constitution of the Commonwealth and by the School Law Code of the same (Article II; Act 150, July 8, 1968).

As specified under the School Law Code of the Commonwealth of Pennsylvania, this and all other school districts of the state "shall be and hereby are vested as, bodies corporate, with all necessary powers to carry out the provisions of this act." (Article II, Section 211).

Board of School Directors

The public school system of the Commonwealth shall be administered by a board of school directors, to be elected or appointed, as hereinafter provided. At each election of school directors, each qualified voter shall be entitled to cast one vote for each school director to be elected.

The Hamburg Area School District is governed by a board of nine School Directors who are residents of the School District and who are elected every two years, on a staggered basis, for a four-year term.

The Board of School Directors has the power and duty to establish, equip, furnish, and maintain a sufficient number of elementary, secondary, and other schools necessary to educate every person, residing in such district, between the ages of six and twenty-one years, who may attend.

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

Administration

The Superintendent of Schools shall be the executive officer of the Board of School Directors and, in that capacity shall administer the School District in conformity with Board policies and the School Laws of Pennsylvania. The Superintendent shall be directly responsible to, and therefore appointed by, the Board of School Directors. The Superintendent shall be responsible for the overall administration, supervision, and operation of the School District.

The Business Manager, recommended by the Superintendent and appointed by the Board of School Directors, shall supervise and coordinate all business aspects of the School District. In this capacity, he or she shall be responsible to insure that all work accomplished by him/her, or by persons under his/her supervision, is in the best interests of the Hamburg Area School District. The Business Manager is directly responsible to the Superintendent.

**Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024**

Reporting Entity

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

Hamburg Area School District is a municipal Corporation governed by an elected nine-member board. As required by generally accepted accounting principles, these financial statements are to present Hamburg Area School District (the primary government) and organizations for which the primary government is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are financially dependent on the School District in that the School District approved the budget, the issuance of debt, or the levying of taxes. The Hamburg Area School District does not have any component units.

Joint Ventures

Berks Career and Technology Center

The School District is a participating member of the Berks Career and Technology Center. The Center is run by a joint committee consisting of members from each participating district. No participating district appoints a majority of the joint committee. The board of directors of each participating district must approve the Center's annual operating budget. Each participating district pays a pro-rata share of the Center's operating costs based on the number of students attending the Center from each District. The District's share of the Center's operating costs for 2023-24 was \$825,204.

On dissolution of the Berks Career and Technology Center, the net position of the Center will be shared on a pro-rata basis of each participating district's current market value of taxable real property as certified by the Pennsylvania State Tax Equalization Board. However, the District does not have any equity interest in the Center as defined by GASB Statement No. 14, except a residual interest in the net position upon dissolution that should not be reflected on the basic financial statements. Complete financial statements for the Center can be obtained from the Center's administrative office at 1057 County Road, Leesport, PA 19533.

Jointly Governed Organizations

Berks County Intermediate Unit

The School District is a participating member of the Berks County Intermediate Unit (BCIU). The BCIU is run by a joint committee consisting of members from each participating district. No participating district appoints a majority of the joint committee. The board of directors of each participating district must approve the BCIU's annual operating budget. The BCIU is a self-sustaining organization that provides services for fees to participating districts. As such, the District has no on-going financial interest or financial responsibility in the BCIU. The BCIU contracts with participating districts to supply special education services, computer services, and acts as a conduit for certain federal programs.

**Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024**

Note 2 - Summary of significant accounting policies

The financial statements of the District have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. On June 15, 1987, the GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced. GASB Statement No. 62 was issued to include all prior Financial Accounting Standards Board's statements and interpretations, along with predecessors' statements and interpretations pertaining to governments into the hierarchy of the Governmental Accounting Standards Board's jurisdiction.

A. Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

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

Fund Financial Statements During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

B. Fund Accounting

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

Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Deferred Outflows of Resources is recorded in a particular governmental fund where costs are spent for a future period. Current Liabilities are assigned to the governmental fund from which they will be paid. Deferred Inflows of Resources is recorded in a particular governmental fund that has received resources for a future period. The difference between the sum of assets and deferred outflows of resources minus the sum of liabilities and deferred inflows of resources is reported as fund balance. The following are the School District's major governmental funds.

General Fund

The General Fund should be used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds

Special Revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term proceeds of specific revenue sources establish that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. The restricted or committed proceeds of specific revenue sources should be expected to continue to comprise a substantial portion of the inflows reported in the fund. Other resources also may be reported in the fund if those resources are restricted, committed, or assigned to the special purpose of the fund.

Under this new definition, the District does not have any special revenue funds.

Capital Project Funds

Capital Project Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital project funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

The District has the following Capital Project Funds:

Capital Reserve Fund

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

Capital Projects Fund

This fund was created from the issuance of the General Obligation Bonds Series of 2021 to finance various capital projects of the School District.

Debt Service Funds Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest. This type of fund is also used to accumulate the resources to make future debt service payments.

The District has the following Debt Service Funds:

Debt Service Stabilization Fund

Proprietary Funds Proprietary funds focus on the determination of changes in net position, financial position and cash flows and are classified as enterprise funds. The Proprietary Funds of the School have operating and nonoperating revenues and/or expenses. Transactions for which cash flows are reported

Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024

as capital and related financing activities, noncapital financing activities, or investing activities are reported as nonoperating revenues and/or expenses, including subsidies received from the state and federal government for school lunches, donated commodities, and amounts received for FICA and retirement subsidies. Operating revenues reported are consistent with the fees or charges incurred based on the intent of the individual proprietary fund.

Enterprise Funds Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District's major enterprise fund is:

Food Service Fund

This fund accounts for the financial transactions related to the food service operations of the School District.

Fiduciary Funds Fiduciary funds reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: Pension (and other employee benefit) trust funds, investment trust funds, Private-purpose trust funds and Custodial funds. The School District has one Fiduciary Fund

Student Activity Fund

This fund is considered a custodial fund and is reported as such in the Statement of Net Position Fiduciary Funds and the Statement of Changes in Fiduciary Net Position. Custodial funds are used to report fiduciary activities that are not required to be reported in one of the other three Fiduciary fund types.

C. Measurement Focus

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

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

Like the government-wide statements, all enterprise funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities, including required deferred outflows of resources or required deferred inflows of resources, 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 (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its enterprise activities.

Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions.

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

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

E. Budgetary Process

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

In accordance with Act 1 of 2006, the Board shall annually, but not later than the first business meeting of January, decide the budget option to be used for the following fiscal year. The Board shall approve either the Accelerated Budget Process Option or the Board Resolution Option.

Accelerated Budget Process Option

Under this option, a preliminary budget must be prepared 150 days prior to the primary election. Under this Option, the preliminary budget must be available for public inspection at least 110 days prior to the primary election. The Board shall give public notice of its intent to adopt the preliminary budget at least 10 days prior to the adoption. The adoption must occur at least 90 days prior to the primary election.

If the preliminary budget exceeds the increase authorized by the Index, an application for an exception may be filed with either a Court of Common Pleas with jurisdiction or PDE and made available for public inspection. The Board may opt to forego applying for an exception by submitting a referendum question seeking voter approval for a tax increase, in accordance with Act 1.

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

**Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024**

Board Resolution Option

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

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

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the PDE 2028 when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all 2023-24 budget transfers.

F. Use of Estimates

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

G. Changes in Accounting Principles

During the 2023-24 fiscal year the School District implemented the following new generally accepted accounting principles:

GASB Statement No. 100 (Accounting Changes and Error Corrections). This statement was implemented to improve the clarity in the accounting for changes in estimates, principles, and the correction of errors in the financial statements.

H. Pensions

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

Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024

I. Other Postemployment Benefits

Multiple Employer Cost Sharing OPEB Plan

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

Single Employer OPEB Plan

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information was obtained from the Actuary Report conducted by Conrad Siegel. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The single employer plan is not funded.

J. Assets, Liabilities, and Net Position

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Proprietary Fund type considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents.

Investments

In accordance to GASB Statement No. 72, investments generally are to be measured at fair value. An investment is defined as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has the present service capacity based solely on its ability to generate cash or to be sold to generate cash. Investments not measured at fair value continue to include, for example, money market investments, 2a7-like external investment pools, investments in life insurance contracts, common stock meeting the criteria for applying the equity method, unallocated insurance contracts, and synthetic guaranteed investment contracts.

A government is permitted in certain circumstances to establish the fair value of an investment that does not have a readily determinable fair value by using the net asset value per share of the investment.

This Statement requires measurement at acquisition value (an entry price) for donated capital assets, donated works of art, historical treasures, and similar assets. These assets were previously required to be measured at fair value.

Fair Value is measured using a hierarchy of inputs using valuation techniques. The hierarchy has three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices, that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs.

The valuation techniques should be consistent with one or more of the following approaches: the market approach, the cost approach, or the income approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The cost approach reflects the amount that would be required to replace the present service capacity of an asset. The income approach converts future amounts (such as cash flows or income and expenses) to a single current (discounted) amount.

**Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024**

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Property Tax Levy

Property taxes, which were levied during the fiscal year ended June 30, 2024, are recognized as revenue in the fund financial statements when received by the District during the fiscal year and also estimated to be received by the District within sixty (60) days after the fiscal year ended.

Property taxes that were levied during the current fiscal year, which are not estimated to be received within sixty (60) days after the fiscal year-end, are recorded as receivable and deferred inflows of resources in the fund financial statements.

In the government-wide financial statements, all property taxes levied during the fiscal year are recognized as revenue, net of estimated uncollectible amount.

Inventories

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis, and are expensed when used. A physical inventory taken at June 30, 2024, shows \$36,137 as an asset in the governmental activities column of the government-wide statement of net position and \$63,572 as an asset in the business-type activities column of the government-wide statement of net position.

Inventory type items in governmental funds utilize the purchase method; that is, they are charged to expenditures when purchased.

Inventory type items in Proprietary Funds use the consumption method, in which items are purchased for inventory and charged to expenses when used. The only Proprietary Fund of the District is the Food Service Fund. Inventory within this fund consists of donated commodities, which are valued at U.S.D.A.'s approximate costs, and purchased food.

Inventories on hand on June 30, 2024, consist of:

Purchased Food & Supplies	\$ 27,393
Donated Commodities	36,179
TOTAL	\$ 63,572

Prepaid Expenses

In both the government-wide and fund financial statements, prepaid expenses are recorded as assets in the specific governmental fund in which future benefits will be derived.

**Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024**

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of two thousand five hundred (\$2,500) dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets utilized by the enterprise funds is also capitalized.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Site Improvements	10 - 20 years	10 - 20 years
Buildings and Improvements	25 - 50 years	25 - 50 years
Furniture and Equipment	5 - 30 years	5 - 30 years
Right-to-use Equipment	Length of Lease	Length of Lease

Lessee:

The Hamburg Area School District is a lessee for a noncancellable lease of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$5,000 or more.

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

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

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

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

Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024

amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor:

The Hamburg Area School District is a lessor for a noncancellable lease of land used for a communications tower. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

SBITAs (Subscription Based Information Technology Arrangements)

Occasionally the District enters into Subscription-Based Information Technology Arrangements. These arrangements grant the District the right to access use of software that is hosted by third-party vendors over a specified contract term. Unlike traditional software, the District does not take physical possession of or have the right to control the software; instead, it uses the software remotely.

In the entity-wide financial statements, SBITAs are reported as intangible assets based on the present value of future subscription payments to be made over the life of the arrangement. Correspondingly, a liability is recognized for the future payments, and it is amortized over the life of the SBITA. The amortization expense related to the intangible asset and any interest expense associated with the recognized liability are reported in the Statement of Activities.

In the fund financial statements, under the modified accrual basis of accounting, expenditures are recognized for SBITA payments when they are due. Therefore, no intangible asset or corresponding liability is reported in the governmental fund statements. The expenditures related to SBITA payments are recognized in the fund's Statement of Revenues, Expenditures, and Changes in Fund Balances in the period they payment is due.

Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024

Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. In enterprise funds, the entire amount of compensated absences is reported as a fund liability.

Other Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discounts, and deferred amounts on refundings are deferred and amortized over the life of the bonds using modification of the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Any deferred amount on refundings are reported as deferred outflows of resources and amortized over the life of the bond issue. Bond issuance costs are expensed in the year they are incurred.

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

Reclassification

Certain amounts have been reclassified to conform to the June 30, 2024, presentation of government-wide financial statements on the accrual basis of accounting versus the governmental fund financial statements on the modified accrual basis.

Net Position

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

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

Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024

Fund Balance Categories

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Below are the potential categories of fund balance the government may use with their definitions, the actual categories used are explained in Note 9 to the financial statements:

Nonspendable Fund Balance

This category includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance

Fund balance should be reported as restricted when constraints placed on the use of resources are externally imposed by creditors, grantors, contributors, or other government laws or regulations, or the constraint is imposed by enabling legislation or constitutional provisions.

Committed Fund Balance

This category pertains to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. The committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action. This government's governing body is the School Board and the formal action taken to commit resources are done by resolution.

Assigned Fund Balance

This category includes all remaining amounts that are reported in governmental funds, except the general fund, that are not classified in one of the above-mentioned categories. In the general fund, this category represents the District's intent to use resources for a specific purpose, which does not require formal action by the governing body. The District's policy dictates the business manager is responsible to make these assignments.

Unassigned Fund Balance

This category of fund balance represents the residual classification for the general fund after segregating resources used in the other categories listed above. Unassigned fund balance will only be shown in other governmental funds if those governmental funds have a negative net fund balance.

The District's policy on fund balance does not dictate which category of unrestricted fund balance is spent first, when resources are available to be spent in various categories. As such, committed amounts will be reduced first, followed by assigned amounts, and then unassigned amounts. The District's policy also does not dictate whether restricted (nonspendable or restricted) or unrestricted (committed, assigned, and unassigned) is spent first when resources are available in both categories. As such, in these circumstances, restricted will be assumed to have been spent first followed by the unrestricted categories.

Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction. There were no outside capital contributions this past fiscal year in the proprietary fund.

**Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024**

Note 3 - Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position.

The governmental fund balance sheet includes reconciliation between "fund balance - total governmental funds" and "net position - governmental activities" as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds".

The details of this \$104,298,366, difference are:

Bonds Payable	\$ 24,660,000
Notes Payable	14,185,000
Less: Issuance discount (to be amortized as interest expense)	-
Add: Issuance premium (to be amortized as a credit to interest expense)	2,536,752
Accrued interest payable	359,564
Finance Purchase Obligations	-
Lease Obligations	795,457
Net Defined Benefit Pension Liability	56,104,592
Net Defined Contribution Pension Liability	274,255
Net OPEB Liability - Single Employer	2,107,288
Net OPEB Liability - Multiple Employer	2,288,160
Compensated absences	987,298
Net adjustment to reduce "fund balance - total governmental funds" to arrive at "net position - governmental activities"	\$ 104,298,366

B. Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. Differences between the governmental funds statement of revenues, expenditures, and changes in fund balance and the statement of activities fall into one of three broad categories. The amounts shown in the columns on the following page represent:

**Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024**

- a) Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the statement of activities. The long-term expenses reported below recognize the change in vested employee benefits.
- b) Capital related differences include (1) the difference between proceeds for the sale of capital assets reported on governmental fund statements, and the gain or loss on the sale of assets as reported on the statement of activities, and (2) the difference between recording an expenditure for the purchase of capital items in the governmental fund statements, and capitalization and recording of depreciation expense on those items as recorded in the statement of activities.
- c) Long-term debt transaction differences occur because long-term debt proceeds are recorded as revenue and both interest and principal payments are recorded as expenditures in the governmental fund statements. In the statement of activities, long-term debt proceeds are recorded as a liability; principal payments are recorded as a reduction of liabilities.

Explanation of Differences between Governmental Fund Statements and District-Wide Statements

	TOTAL GOVERN- MENTAL FUNDS	LONG-TERM REVENUES/ EXPENSES	CAPITAL RELATED ITEMS	LONG-TERM DEBT ITEMS	TOTAL FOR STATEMENT OF ACTIVITIES
REVENUES AND OTHER SOURCES					
LOCAL SOURCES:					
Property Taxes	\$ 29,083,603	\$ 447,215	\$ -	\$ -	\$ 29,530,818
Taxes levied for specific purposes	3,256,147	-	-	-	3,256,147
Interest and investment earnings	2,277,373	(163,148)	-	-	2,114,225
Miscellaneous	75,003	-	(2,389)	-	72,614
Contributions and Donations	35,766	-	-	-	35,766
Charges for Services	113,888	-	-	-	113,888
Grants, subsidies & contributions not restricted	1,044,251	-	-	-	1,044,251
STATE SOURCES:					
Operating & Capital grants and contributions	16,592,422	-	-	-	16,592,422
FEDERAL SOURCES:					
Operating & Capital grants and contributions	3,666,637	-	-	-	3,666,637
SPECIAL AND EXTRAORDINARY ITEMS:					
Proceeds from Leases	726,349	-	-	(726,349)	-
Gain or (Loss) on disposal of assets	4,330	-	(4,330)	-	-
TOTAL REVENUES	<u>56,875,769</u>	<u>284,067</u>	<u>(6,719)</u>	<u>(726,349)</u>	<u>56,426,768</u>
EXPENDITURES/EXPENSES					
Instruction	30,606,810	(209,581)	(382,684)	-	30,014,545
Instructional Student Support	3,085,417	(22,032)	(13,911)	-	3,049,474
Admin. & Fin'l Support Services	4,099,957	(105,526)	192,612	-	4,187,043
Oper. & Maint. Of Plant Svcs.	4,243,517	(58,688)	(250,244)	-	3,934,585
Pupil Transportation	2,600,903	(1,207)	-	-	2,599,696
Student activities	981,807	(6,031)	15,118	-	990,894
Community Services	42,012	-	-	-	42,012
Capital Outlay	378,000	-	(378,000)	-	-
Debt Service	4,622,443	-	-	(3,174,629)	1,447,814
Depreciation - unallocated	-	-	2,215,568	-	2,215,568
TOTAL EXPENDITURES/EXPENSES	<u>50,660,866</u>	<u>(403,065)</u>	<u>1,398,459</u>	<u>(3,174,629)</u>	<u>48,481,631</u>
NET CHANGE FOR THE YEAR	<u>\$ 6,214,903</u>	<u>\$ 687,132</u>	<u>\$ (1,405,178)</u>	<u>\$ 2,448,280</u>	<u>\$ 7,945,137</u>

**Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024**

Note 4 - Stewardship, Compliance, and Accountability

A. Compliance with Finance Related Legal and Contractual Provisions

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

B. Deficit Fund Balance or Net Position of Individual Funds.

No individual fund contains a deficit fund balance or net position at June 30, 2024, except the business-type activities (Food Service Fund) has a negative net position of \$433,428.

C. Excess of Expenditures over Appropriations in Individual Funds

No individual fund, which had a legally adopted budget, had an excess of expenditures over appropriations.

D. Budgetary Compliance

The District's only legally adopted budget is for the General Fund. All budgetary transfers were made within the last nine months of the fiscal year. The District cancels all purchase orders open at year-end; therefore, it does not have any outstanding encumbrances at June 30, 2024.

Note 5 - Detailed Notes on all Funds and Account Groups

Assets

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a policy for custodial credit risk. As of June 30, 2024, \$1,139,058 of the District's bank balance of \$1,666,595 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	594
Collateralized with securities held by the pledging financial institution		-
Uninsured and collateral held by the pledging bank's trust department Not in the District's name		1,138,464
TOTAL	\$	<u>1,139,058</u>

Reconciliation to Financial Statements

Uncollateralized Amount Above	\$	1,139,058
Plus: Insured Amount		527,536
Less: Outstanding Checks		(241,604)
Carrying Amount - Bank Balances		1,424,990
Plus: Petty Cash		100
Deposits in Investment Pools Considered Cash Equivalents		11,868,206
Less: Certificates of Deposit considered Investment by School Code		-
TOTAL CASH PER FINANCIAL STATEMENTS	\$	<u>13,293,296</u>

Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024

Investments

Permitted investments for Hamburg Area School District are defined in the Public School Code of 1949, as amended by Act 10 of 2016 as:

1. United States Treasury Bills;
2. Short-term obligations of the United States Government or its agencies or instrumentalities;
3. Deposits in savings accounts or time deposits or share accounts of institutions insured by the F.D.I.C; and,
4. Obligations of the United States of America or any of its agencies or instrumentalities, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities or any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities.
5. Obligations, participations or other instruments of any Federal Agency, instrumentality or United States government sponsored enterprise, including those issued or fully guaranteed as the principal and interest by Federal agencies, instrumentalities or United States government sponsored enterprises, if the debt obligations are rated at least "A" or its equivalent by at least two nationally recognized statistical ratings organizations.
6. Repurchase agreements with respect to United States Treasury bills or obligations, participations or other instruments of or guaranteed by the United States or any Federal agency, instrumentality or United States government sponsored enterprise.
7. Negotiable certificates of deposit or other evidences of deposit, with a remaining maturity of three years or less, issued by a nationally or State-chartered bank, a Federal or State savings and loan association or a State-licensed branch of a foreign bank. For obligations with a maturity of one year or less, the debt obligations of the issuing institution or its parent must be rated in the top short-term rating category by at least two nationally recognized statistical ratings organizations. For obligations with a maturity in excess of one year, the senior debt obligations of the issuing institution or its parent must be rated at least "A" or its equivalent by at least two nationally recognized statistical ratings organizations.
8. Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances, if the bankers' acceptances do not exceed 180 days maturity and the accepting bank is rated in the top short-term category by at least two nationally recognized statistical ratings organizations.
9. Commercial paper issued by corporations or other business entities organized in accordance with Federal or State law, with a maturity not to exceed 270 days, if the paper is rated in the top short-term category by at least two nationally recognized statistical ratings organizations.
10. Shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933 and, if all of the following conditions are met:
 - The investments of the company are the authorized investments listed above.
 - The investment company is managed in accordance with 17 CFR 270.2a-7 (related to money market funds).
 - The investment company is rated in the highest category by a nationally recognized rating agency.

**Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024**

11. Savings or demand deposits placed in accordance with the following conditions:

- The money is initially deposited and invested through a federally insured institution having a place of business in this Commonwealth, which is selected by the public corporation or municipal authority.
- The selected institution arranges for the redeposit of the money in savings or demand deposits in one or more financial institutions insured by the Federal Deposit Insurance Corporation, for the account of the public corporation or municipal authority.
- The full amount of principal and any accrued interest of each such deposit is insured by the Federal Deposit Insurance Corporation.
- On the same date that the money is redeposited pursuant to above, the selected institution receives an amount of deposits from customers of other financial institutions equal to or greater than the amount of money initially invested through the selected institution by the public corporation or municipal authority.

As of June 30, 2024, the District had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
PA Local Gov't Investment Trust - Term		\$ 19,000,000
PA Local Gov't Investment Trust		11,024,950
PA School District Liquid Asset Fund		843,256
TOTAL		\$ 30,868,206

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates

Credit Risk

The District has no investment policy that would limit its investment choices to certain credit ratings. As of June 30, 2024, the District's investment in the PA School District Liquid Asset Fund, and the PA Local Government Investment Trust were rated AAAM by Standard & Poor's.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer. Of the General Fund's investments, 64.88% were invested in PLGIT Term CDs. No other fund held more than 5% of its investments in any one issuer. Of the Governmental Activities investments, 63.14% were invested in PLGIT Term CDs. Of the entire entity's investments, 61.63% were invested in PLGIT Term CDs.

Custodial Credit Risk

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The District does not have any uninsured investments.

Reconciliation to Financial Statements

Total Investments Above	\$ 30,868,206
Less: Deposits in Investment Pool Considered Cash Equivalents	(11,868,206)
Total Investments Per Financial Statements	\$ 19,000,000

**Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024**

Fair Value Reporting

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

The District did not have any recurring fair value investments at June 30, 2024. The District did have Cash Equivalents in 2a7-like external investment pools, which GASB Statement No. 72 allows to be recorded at amortized cost as provided in paragraph 16 of GASB Statement No. 31.

Property Taxes

Property taxes are levied on July 1, on the assessed value listed, as of that date, for all taxable real property located in the District. Assessed values are established by the County Board of Assessments. All taxable real property was assessed at \$1,110,145,100. In accordance with Act 1 of 2006, the District received \$1,044,440 in property tax reduction funds for the 2023-24 fiscal year. The tax rate for the year was \$2.696 per \$100 of assessed valuation or 26.96 mills.

The property tax calendar is:

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

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

Receivables

Receivables for the government's individual major funds, non-major, and fiduciary funds in the aggregate as of year end, including the applicable allowances for uncollectible accounts, are:

Schedule on Receivables for major, nonmajor, and fiduciary funds

	GENERAL FUND	NON- MAJOR FUNDS	FOOD SERVICE FUND	FIDUCIARY FUNDS	TOTAL
RECEIVABLES:					
Interest	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	1,567,688	-	-	-	1,567,688
Accounts	21,137	-	34,791	-	55,928
Lease	273,811	-	-	-	273,811
Intergovernmental	3,219,932	-	12,508	-	3,232,440
GROSS RECEIVABLES	5,082,568	-	47,299	-	5,129,867
Less: Allowance for Uncollectibles	-	-	-	-	-
NET RECEIVABLES	\$ 5,082,568	\$ -	\$ 47,299	\$ -	\$ 5,129,867

**Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024**

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were:

Schedule on Deferred Inflows of Resources - Unavailable and Unearned

	UNAVAILABLE	UNEARNED
Delinquent Property Taxes - General Fund	\$ 1,238,784	\$ -
Unearned Lease Receivable	-	273,811
TOTAL	\$ 1,238,784	\$ 273,811

Capital Assets

Capital asset balances and activity for the year ending June 30, 2024, were:

CAPITAL ASSET BALANCES AND CURRENT YEAR ACTIVITY

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
GOVERNMENTAL ACTIVITIES:				
Capital Assets not being depreciated/amortized:				
Land	\$ 589,069	\$ -	\$ -	\$ 589,069
Construction in Progress	-	378,000	(378,000)	-
Total Capital Assets not being depreciated/amortized	589,069	378,000	(378,000)	589,069
Capital Assets being depreciated/amortized:				
Site Improvements	4,046,476	-	-	4,046,476
Buildings and Bldg. Improvements	102,788,903	457,434	-	103,246,337
Furniture and Equipment	4,188,576	219,092	(25,444)	4,382,224
Intangible right-to-use asset - equipment	946,950	731,349	-	1,678,299
TOTAL CAPITAL ASSETS BEING DEPRECIATED/AMORTIZED	111,970,905	676,526	(25,444)	113,353,336
Less accumulated depreciation or amortization for:				
Site Improvements	(2,294,560)	(149,925)	-	(2,444,485)
Buildings and Bldg. Improvements	(28,964,887)	(2,069,854)	-	(31,034,741)
Furniture and Equipment	(2,739,100)	(164,897)	18,725	(2,885,272)
Intangible right-to-use asset - equipment	(429,569)	(421,655)	-	(851,224)
TOTAL ACCUMULATED DEPRECIATION/AMORTIZATION	(34,428,116)	(2,806,331)	18,725	(37,215,722)
TOTAL CAPITAL ASSETS BEING DEPRECIATED NET OF ACCUMULATED DEPRECIATION/AMORTIZATION	77,542,789	(2,129,805)	(6,719)	76,137,614
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION/AMORTIZATION	\$ 78,131,858	\$ (1,751,805)	\$ (384,719)	\$ 76,726,683
BUSINESS-TYPE ACTIVITIES:				
Capital Assets being depreciated:				
Furniture and Equipment	\$ 943,140	\$ 16,024	\$ -	\$ 959,164
Less accumulated depreciation	(765,054)	(14,728)	-	(779,782)
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	\$ 178,086	\$ 1,296	\$ -	\$ 179,382

**Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024**

***DEPRECIATION/AMORTIZATION EXPENSE WAS CHARGED TO GOVERNMENTAL FUNCTIONS AS FOLLOWS:**

Instruction	\$	157,143
Instructional Student Support		3,429
Admin. & Fin'l Support Services		314,420
Oper. & Maint. Of Plant Svcs.		100,653
Student Activities		15,118
Unallocated Depreciation Expense		2,215,568
TOTAL DEPRECIATION FOR GOVERNMENTAL ACTIVITIES	\$	2,806,331

The District's governmental activities disposed or scrapped \$25,444 of capital assets during the year, with accumulated depreciation of \$18,725, The district was able to recoup \$4,330 from the sale of certain equipment, this resulted in a net loss on disposition of \$2,389 for the year. The business-type activities did not dispose of any capital assets during the year.

Commitments

Encumbrances

Any encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities but represent budgetary accounting controls. The General Fund Budget is maintained on the modified accrual basis of accounting, except that budgetary basis expenditures include any encumbrances issued for goods or services not received at year-end and not terminated.

Construction Commitments

The District had the following construction commitments as of June 30, 2024:

	<u>CONTRACT AMOUNT</u>	<u>EXPENDED TO 6/30/24</u>	<u>OUTSTANDING COMMITMENTS</u>
<u>Traffic Gates at MS & Tilden ES</u>			
Purcell Construction	\$ 95,400	\$ 90,850	\$ 4,550
AEM - Installation two gates	17,000	9,886	7,114
GRAND TOTAL	\$ 112,400	\$ 100,736	\$ 11,664

Short-term Debt

Interfund receivables and payable

Interfund balances between funds represent temporary loans recorded at year end subsequent to a final allocation of expenses. The balances generally are paid shortly after year end. Transfers represent funds set aside for the anticipation of future capital needs.

The following interfund receivables and payables were in existence on June 30, 2024:

	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
General Fund	\$ 12,123	\$ 126,840
Enterprise (Food Service) Fund	126,840	12,123
Custodial Fund	-	-
TOTAL	\$ 138,963	\$ 138,963

**Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024**

Interfund Transfers

The District also made the following interfund transfers during the fiscal year ended June 30, 2024:

	TRANSFER IN	TRANSFER OUT
General Fund	\$ 59	\$ 59
Capital Reserve Fund	59	
Capital Projects Fund	-	59
TOTAL	\$ 118	\$ 118

Lease receivable

Comcast Land Lease - Effective July 1, 2021, Hamburg Area School District was leasing the use of a tract of a land for a communications tower to Comcast. The lease is for over nine years, with an initial term through November 30, 2025 and a five-year option to extend that is reasonably certain to be exercised. The District will receive monthly payments of \$3,750. The District recognized \$39,466 in lease revenue and \$5,534 in interest revenue during the current fiscal year related to this lease. As of June 30, 2024, the District's receivable for lease payments was \$273,812. Also, the District has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2024, the balance of the deferred inflow of resources was \$273,812.

The future lease payments as of June 30, 2024, were as follows:

COMCAST LAND LEASE

FISCAL YEAR	PAYMENTS
2024-25	\$ 40,790
2025-26	41,468
2026-27	42,157
2027-28	42,858
2028-29	43,571
2029-31	62,968
Totals	\$ 273,812

**Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024**

Long-term Liabilities

Long-term liability balances and activity for the year ended June 30, 2024, were:

CHANGES IN LONG-TERM LIABILITIES					
	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	AMOUNTS DUE WITHIN ONE YEAR
GOVERNMENTAL ACTIVITIES					
<i>General Obligation Debt:</i>					
<i>Bonds and notes payable:</i>					
Bonds Payable	\$ 28,508,883	\$ -	\$ 2,831,102	\$ 25,677,781	\$ 2,730,000
Notes Payable	16,006,492	-	302,521	15,703,971	5,000
Total general obligation debt	44,515,375	-	3,133,623	41,381,752	2,735,000
<i>Other liabilities:</i>					
Finance Purchase Obligations	-	-	-	-	-
Lease Obligations	498,596	726,349	429,488	795,457	311,088
<i>Vested employee benefits:</i>					
Vacation pay	153,061	-	33,458	119,603	43,938
Sick pay	1,062,797	-	82,834	979,963	68,330
Net Defined Contribution Pension Liability	268,035	6,220	-	274,255	-
Net Defined Benefit Pension Liability	53,296,304	2,808,288	-	56,104,592	-
Net OPEB Liability - Single Employer	2,470,322	-	363,034	2,107,288	-
Net OPEB Liability - Multiple Employer	2,215,565	72,595	-	2,288,160	-
Total other liabilities	59,964,680	3,613,452	908,814	62,669,318	423,356
TOTAL GOVERNMENTAL ACTIVITY LONG-TERM LIABILITIES	\$ 104,480,055	\$ 3,613,452	\$ 4,042,437	\$ 104,051,070	\$ 3,158,356
BUSINESS-TYPE ACTIVITIES					
<i>Other liabilities:</i>					
<i>Vested employee benefits</i>					
Sick pay	\$ 26,282	\$ -	\$ 6,721	\$ 19,561	\$ -
Net Defined Contribution Pension Liability	12,476	1,482	-	13,958	-
Net Defined Benefit Pension Liability	1,509,696	84,246	-	1,593,942	-
Net OPEB Liability - Single Employer	65,237	-	18,539	46,698	-
Net OPEB Liability - Multiple Employer	69,088	2,176	-	71,264	-
TOTAL BUSINESS-TYPE ACTIVITY LONG-TERM LIABILITIES	\$ 1,682,779	\$ 87,904	\$ 25,260	\$ 1,745,423	\$ -

Payments on bonds and notes are made by the general fund. Vested employee benefits will be liquidated by governmental and proprietary funds. The School District currently does not have any bonds or notes payable in business-type activities.

Total Interest paid and accrued during the year:

	EXPENSE	PAID
GOVERNMENTAL ACTIVITIES		
General obligation debt	\$ 1,419,416	\$ 1,534,556
Refund of Prior Year Receipts	13,130	13,130
Leases	15,269	19,810
TOTAL INTEREST FOR GOVERNMENTAL ACTIVITIES	\$ 1,447,815	\$ 1,567,496

**Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024**

Lease – Sharp Copiers (Fraser Advance)

On November 1, 2021, The District entered into a five-year lease as lessee for the acquisition and use of Sharp copiers. An initial lease liability was recorded in the amount of \$60,281. As of June 30, 2024, the value of the lease liability was \$29,849. The District is required to make 60 monthly fixed payments of \$1,130. The lease has an interest rate of 4.91%. The Equipment has a seven-year estimated useful life. The value of the right to use asset as of June 30, 2024 was \$60,281 with accumulated amortization of \$30,141.

The future principal and interest lease payments as of June 30, 2024 were as follows:

FISCAL YEAR	PRINCIPAL	INTEREST
2024-25	\$ 12,376	\$ 1,189
2025-26	12,997	568
2026-27	4,476	46
Totals	\$ 29,849	\$ 1,803

Lease – Chromebooks (Vantage A05)

On July 1, 2021, The District entered into a four-year lease as lessee for the acquisition and use of Lenovo Chromebooks. An initial lease liability was recorded in the amount of \$88,765. As of June 30, 2024, the value of the lease liability was \$22,832. The District is required to make yearly fixed payments of \$24,285. The lease has an interest rate of 6.185%. The Equipment has a five-year estimated useful life. The value of the right to use asset as of June 30, 2024 was \$88,765 with accumulated amortization of \$66,574.

The future principal and interest lease payments as of June 30, 2024 were as follows:

FISCAL YEAR	PRINCIPAL	INTEREST
2024-25	\$ 22,832	\$ 1,453
Totals	\$ 22,832	\$ 1,453

Lease – Chromebooks and ThinkPads (Vantage A06)

On July 1, 2021, The District entered into a four-year lease as lessee for the acquisition and use of Lenovo Chromebooks and ThinkPads. An initial lease liability was recorded in the amount of \$190,497. As of June 30, 2024, the value of the lease liability was \$48,965. The District is required to make yearly fixed payments of \$51,993. The lease has an interest rate of 6.185%. The equipment has a five-year estimated useful life. The value of the right to use asset as of June 30, 2024 was \$190,497 with accumulated amortization of \$142,872.

The future principal and interest lease payments as of June 30, 2024 were as follows:

FISCAL YEAR	PRINCIPAL	INTEREST
2024-25	\$ 48,965	\$ 3,028
Totals	\$ 48,965	\$ 3,028

**Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024**

Lease – Chromebooks (Vantage A07)

On July 1, 2022, the District entered a four-year lease as lessee for the acquisition and use of Lenovo Chromebooks. An initial lease liability was recorded in the amount of \$135,288 during the current fiscal year. As of June 30, 2024, the value of the lease liability was \$67,644. The District is required to make yearly fixed payments of \$33,822. The lease has an interest rate of 0.00%. The equipment has a five-year estimated useful life. The value of the right to use asset as of June 30, 2024 was \$135,288 with accumulated amortization of \$67,644.

The future principal and interest lease payments as of June 30, 2024, are as follows:

FISCAL YEAR	PRINCIPAL	INTEREST
2024-25	\$ 33,822	\$ -
2025-26	33,822	-
Totals	\$ 67,644	\$ -

Lease – Lenovo Computers (Vantage A08)

On September 1, 2022, the District entered a 4-year lease as lessee for the acquisition and use of various computer equipment. An initial lease liability was recorded in the amount of \$154,992 during the current fiscal year. As of June 30, 2024, the value of the lease liability was \$77,496. The District is required to make yearly fixed payments of \$38,748. The lease has an interest rate of 0.00%. The Equipment has a five-year estimated useful life. The value of the right to use asset as of June 30, 2024 was \$154,992 with accumulated amortization of \$77,496.

The future principal and interest lease payments as of June 30, 2023, are as follows:

FISCAL YEAR	PRINCIPAL	INTEREST
2024-25	\$ 38,748	\$ -
2025-26	38,748	-
Totals	\$ 77,496	\$ -

Lease – Promethean Active Panels (Vantage A09)

On July 1, 2023, the District entered a 5-year lease as lessee for the acquisition and use of Promethean Active Panels. An initial lease liability was recorded in the amount of \$35,925 during the current fiscal year. As of June 30, 2024, the value of the lease liability was \$28,740. The District is required to make yearly fixed payments of \$7,185. The lease has an interest rate of 0.00%. The Equipment has a five-year estimated useful life. The value of the right to use asset as of June 30, 2024 was \$35,925 with accumulated amortization of \$7,185.

The future principal and interest lease payments as of June 30, 2024, are as follows:

FISCAL YEAR	PRINCIPAL	INTEREST
2024-25	\$ 7,185	\$ -
2025-26	7,185	-
2026-27	7,185	-
2027-28	7,185	-
Totals	\$ 28,740	\$ -

**Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024**

Lease – Lenovo Computers (American Capital)

On July 1, 2023, the District entered a 4-year lease as lessee for the acquisition and use of various computer equipment. An initial lease liability was recorded in the amount of \$426,043 during the current fiscal year. As of June 30, 2024, the value of the lease liability was \$311,615. The District is required to make yearly fixed payments of \$114,428. The lease has an interest rate of 5.00%. The Equipment has a five-year estimated useful life. The value of the right to use asset as of June 30, 2024 was \$426,043 with accumulated amortization of \$106,511.

The future principal and interest lease payments as of June 30, 2024, are as follows:

FISCAL YEAR	PRINCIPAL	INTEREST
2024-25	\$ 98,847	\$ 15,581
2025-26	103,790	10,638
2026-27	108,979	5,449
Totals	\$ 311,616	\$ 31,668

Lease – Sharp Copiers (Fraser)

On July 1, 2023, the District entered into a 5-year lease as lessee for the acquisition and use of Sharp copiers. An initial lease liability was recorded in the amount of \$56,786 during the current fiscal year. As of June 30, 2024, the value of the lease liability was \$46,386. The District is required to make 60 monthly fixed payments of \$1,068. The lease has an interest rate of 5.00%. The Equipment has a seven-year estimated useful life. The value of the right to use asset as of June 30, 2024 was \$56,786 with accumulated amortization of \$11,357.

The future principal and interest lease payments as of June 30, 2024, are as follows:

FISCAL YEAR	PRINCIPAL	INTEREST
2024-25	\$ 10,744	\$ 2,075
2025-26	11,293	1,526
2026-27	11,871	948
2027-28	12,478	341
Totals	\$ 46,386	\$ 4,890

**Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024**

SBITA – Weapon Detection Services (Zeroeyes)

On July 1, 2023, the District entered into a 5 year subscription for the use of weapon detection service software. An initial subscription liability was recorded in the amount of \$207,595 during the current fiscal year. As of June 30, 2024, the value of the subscription liability was \$161,929. The District is required to make yearly fixed payments of \$45,666. The subscription has an interest rate of 5.0%. The value of the right to use asset as of June 30, 2024 was \$212,595 with accumulated amortization of \$42,519.

The future principal and interest lease payments as of June 30, 2024 are as follows:

FISCAL YEAR	PRINCIPAL	INTEREST
2024-25	\$ 37,570	\$ 8,096
2025-26	39,448	6,218
2026-27	41,420	4,246
2027-28	45,666	-
Totals	\$ 164,104	\$ 18,560

General Obligation Notes – Series of 2019

On July 9th, 2019 the District issued \$22,210,000 of General Obligation Notes - Series of 2019. Proceeds of the Bonds were used to (1) currently refund the General Obligations Bonds Series A of 2011, (2) currently refund the General Obligation Bonds Series A of 2016, (3) currently refund the General Obligation Bonds Series B of 2016, (4) currently refund the GOB Series of 2017, and (5) pay the costs of issuing the Notes.

In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with a paying agent. The Notes matures from April 1, 2020 to April 1, 2032. The outstanding debt service requirements, using fixed interest rates ranging from 4.0 to 5.0% with total interest indebtedness of \$7,657,911.

The outstanding debt service requirements at June 30, 2024 are:

FISCAL YEAR	PRINCIPAL	INTEREST
2024-25	\$ 5,000	\$ 682,750
2025-26	2,630,000	682,500
2026-27	1,765,000	551,000
2027-28	530,000	462,750
2028-29	3,065,000	436,250
2029-32	6,190,000	671,750
Sub-Total	\$ 14,185,000	\$ 3,487,000
Unamortized Premium	1,518,971	
TOTAL OUTSTANDING	\$ 15,703,971	

**Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024**

General Obligation Bonds – Series of 2020

On January 3rd 2020, the District issued \$9,960,000 of General Obligation Bonds - Series of 2020. Proceeds of the Bonds were used to currently refund all of the School District's Outstanding General Obligation Bonds Series of 2015 and the costs of issuing the Bonds.

In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with a paying agent. The Bonds matures from April 1, 2020 to April 1, 2033. The outstanding debt service requirements, using fixed interest rates ranging from 1.35 to 3.00% with total interest indebtedness of \$13,203,197.

The outstanding debt service requirements at June 30, 2024 are:

FISCAL YEAR	PRINCIPAL	INTEREST
2024-25	\$ 120,000	\$ 276,106
2025-26	125,000	273,706
2026-27	125,000	271,206
2027-28	135,000	268,706
2028-29	135,000	265,838
2029-33	<u>8,760,000</u>	<u>693,900</u>
Sub-Total	\$ 9,400,000	\$ 2,049,462
Unamortized Premium	<u>178,628</u>	
TOTAL OUTSTANDING	\$ 9,578,628	

General Obligation Bonds – Series A of 2020

On January 3rd 2020, the District issued \$9,095,000 of General Obligation Bonds - Series A of 2020. Proceeds of the Bonds were used to currently refund all of the School District's Outstanding General Obligation Bonds Series A of 2014 and the costs of issuing the Bonds.

In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with a paying agent. The Bonds matures from April 1, 2020 to April 1, 2028. The outstanding debt service requirements, using fixed interest rates ranging from 1.35 to 4.00% with total interest indebtedness of \$1,756,188.

The outstanding debt service requirements at June 30, 2024 are:

FISCAL YEAR	PRINCIPAL	INTEREST
2024-25	\$ 2,605,000	\$ 204,450
2025-26	30,000	104,250
2026-27	1,025,000	103,350
2027-28	<u>2,420,000</u>	<u>72,600</u>
Sub-Total	\$ 6,080,000	\$ 484,650
Unamortized Premium	<u>201,331</u>	
TOTAL OUTSTANDING	\$ 6,281,331	

**Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024**

General Obligation Bonds – Series of 2021

On March 17, 2021, the District issued \$9,195,000 of General Obligation Bonds - Series of 2021. Proceeds of the Bonds will be used to finance various capital projects of the School District and pay the costs of issuing the Bonds.

In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with a paying agent. The Bonds matures from April 1, 2022 to April 1, 2036. The outstanding debt service requirements, with fixed interest rates ranging from 1.00% to 3.00% with total interest indebtedness of \$3,814,384.

The outstanding debt service requirements at June 30, 2024 are:

FISCAL YEAR	PRINCIPAL	INTEREST
2024-25	\$ 5,000	\$ 274,950
2025-26	5,000	274,900
2026-27	5,000	274,850
2027-28	5,000	274,750
2028-29	5,000	274,650
2029-34	2,975,000	1,371,600
2034-36	<u>6,180,000</u>	<u>279,450</u>
Sub-Total	\$ 9,180,000	\$ 3,025,150
Unamortized Premium	<u>637,822</u>	
TOTAL OUTSTANDING	\$ <u>9,817,822</u>	

**Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024**

Bonds

Fiscal Year Ended June 30	GO Bonds - 2020		GO Bonds - 2020 A		Go Bonds - 2021	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 120,000	\$ 276,106	\$ 2,605,000	\$ 204,450	\$ 5,000	\$ 274,950
2026	125,000	273,706	30,000	104,250	5,000	274,900
2027	125,000	271,206	1,025,000	103,350	5,000	274,850
2028	135,000	268,706	2,420,000	72,600	5,000	274,750
2029	135,000	265,838	-	-	5,000	274,650
2030-2034	8,760,000	693,900	-	-	2,975,000	1,371,600
2035-2036	-	-	-	-	6,180,000	279,450
TOTAL	\$ 9,400,000	\$ 2,049,462	\$ 6,080,000	\$ 484,650	\$ 9,180,000	\$ 3,025,150

Direct Borrowing

Fiscal Year Ended June 30	GO Note - 2019	
	Principal	Interest
2025	\$ 5,000	\$ 682,750
2026	2,630,000	682,500
2027	1,765,000	551,000
2028	530,000	462,750
2029	3,065,000	436,250
2030-2034	6,190,000	671,750
2035-2036	-	-
TOTAL	\$ 14,185,000	\$ 3,487,000

Bonds and Direct Borrowing

Totals	
Principal	Interest
\$ 2,735,000	\$ 1,438,256
2,790,000	1,335,356
2,920,000	1,200,406
3,090,000	1,078,806
3,205,000	976,738
17,925,000	2,737,250
6,180,000	279,450
\$ 38,845,000	\$ 9,046,262

**Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024**

Compensated Absences

Sick-Pay

Under the District's various bargaining agreements and plans, professional and management employees accumulate unused sick days from year to year. During the employee's tenure, unused sick days are non-vesting. Upon retirement, these employees are eligible for remuneration for unused sick days under the following bargaining agreements:

YEARS OF SERVICE	PAYMENT PER YEAR OF SERVICE		
	PROFESSIONAL	MANAGEMENT	SUPPORT
15 - 20	\$ 110	\$ 250	\$ 45
21 - 30	\$ 140	\$ 250	\$ 70
31 +	\$ 170	\$ 250	\$ 95

The District maintains a record of each employee's accumulated sick days and the District has valued the accumulated sick days that are earned by employees who are eligible to retire. In accordance with GASB Statement No. 16, a long-term liability of \$911,633 including FICA tax (net of reimbursement) has been established within the governmental activities column in the government-wide statement of net position. A long-term liability of \$19,561 including FICA tax (net of reimbursement) has been established in the business-type activity column in the statement of net position. In addition, liabilities of \$68,330, and \$19,561, including FICA tax, have been established within the General Fund and Food Service Fund, respectively.

The General Fund liability is reflected as a current liability in the government-wide statement of net position.

Vacation Leave

Unused vacation leave is paid upon an employee's termination. The District maintains records of each employee's accumulated vacation days. In accordance with GASB Statement No. 16, the portion of vacation pay earned at June 30, 2024, that will use currently available financial resources is \$43,938, including FICA tax and retirement contributions, which has been recorded in the General Fund and as a current liability within the governmental activities column in the government-wide statement of net position. The remaining vacation pay earned at June 30, 2024, of \$75,665, including FICA tax and retirement contributions (net of reimbursement), is recorded as a long-term liability in the governmental activities column of the government-wide statement of net position.

Defined Benefit Pension Plan

Public School Employees' Retirement System (PSERS) Pension Plan

Summary of Significant Accounting Policies

Pensions

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

Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024

General Information about the Pension Plan

Plan Description

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

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service.

Act 5 of 2017 (Act 5) introduced a hybrid benefit with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, Membership Class DC (Class DC). To qualify for normal retirement, Class T-G and Class T-H members must work until age 67 with a minimum of 3 years of credited service. Class T-G may also qualify for normal retirement by attaining a total combination of age and service that is equal to or greater than 97 with a minimum of 35 years of credited service.

Benefits are generally between to 1% to 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.

**Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024**

Contributions

Member Contributions:

The contribution rates based on qualified member compensation for virtually all members are presented below:

Member Contribution Rates				
Membership Class	Continuous Employment Since	Defined Benefit (DB) Contribution Rate	DC Contribution Rate	Total Contribution Rate
T-C	Prior to July 22, 1983	5.25%	N/A	5.25%
				6.25%
T-C	On or after July 22, 1983	6.25%	N/A	6.25%
T-D	Prior to July 22, 1983	6.50%	N/A	6.50%
T-D	On or after July 22, 1983	7.50%	N/A	7.50%
T-E	On or after July 1, 2011	7.50% base rate with shared risk provision	N/A	Prior to 7/1/21: 7.50% After 7/1/21: 8.00%
T-F	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	Prior to 7/1/21: 10.30% After 7/1/21: 10.80%
T-G	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	Prior to 7/1/21: 8.25% After 7/1/21: 9.00%
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	Prior to 7/1/21: 7.50% After 7/1/21: 8.25%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

Shared Risk Program Summary				
Membership Class	Defined Benefit (DB) Base Rate	Shared Risk Increment	Minimum	Maximum
T-E	7.50%	+/-0.50%	5.50%	9.50%
T-F	10.30%	+/-0.50%	8.30%	12.30%
T-G	5.50%	+/-0.75%	2.50%	8.50%
T-H	4.50%	+/-0.75%	1.50%	7.50%

Employer Contributions:

The school districts' contractually required contribution rate for the fiscal year ended June 30, 2024 was 33.09% 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 District were \$6,607,002 for the year ended June 30, 2024.

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

At June 30, 2024, the District reported a liability of \$57,698,534 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2022 to June 30, 2023. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year

**Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024**

reported contributions. At June 30, 2024, the District's proportion was 0.1298 percent, which was an increase of 0.0060 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the District recognized pension expense of \$6,244,107. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Sources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Proportionate Share vs Actual Paid Separately Finance Liabilities	\$ 22,928	\$ -
Changes in Assumptions	862,000	-
Net difference between projected and actual contributions made	38,306	-
Net difference between projected and actual earnings on pension plan investments	1,634,000	-
Difference between expected and actual experience	-	778,000
Changes in proportion of the Net Pension Liability	1,751,000	-
District contributions subsequent to the measurement date	6,607,002	-
Total	<u>\$ 10,915,236</u>	<u>\$ 778,000</u>

\$6,607,002 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	<u>Amount</u>
2024	\$ 1,274,000
2025	(732,900)
2026	2,413,156
2027	557,115
Thereafter	18,863
Total	<u>\$ 3,530,234</u>

Changes in Actuarial Assumptions

The Total Pension Liability as of June 30, 2023 was determined by rolling forward the System's Total Pension Liability as of June 30, 2022 to June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation Date - June 30, 2022
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 7.00%, includes inflation at 2.50%.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.

**Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024**

- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2022 and as of June 30, 2023.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
 - Salary growth rate - decreased from 5.00% to 4.50%.
 - Real wage growth and merit or seniority increases (components for salary growth) - decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
 - Mortality rates - Previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study that was performed for the five year period ending June 30, 2020.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	30.0%	5.2%
Private Equity	12.0%	7.9%
Fixed Income	33.0%	3.2%
Commodities	7.5%	2.7%
Infrastructure/MLPs	10.0%	5.4%
Real estate	11.0%	5.7%
Absolute return	4.0%	4.1%
Cash	3.0%	1.2%
Leverage	-10.5%	1.2%
	100%	

**Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024**

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, 2023.

Discount Rate

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

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

The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	\$ 74,851,000	\$ 57,743,000	\$ 43,309,000

Pension Plan Fiduciary Net Position

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

State Funding

The Commonwealth of Pennsylvania generally reimburses the School District for 50%-60% of its retirement expense. This arrangement does not meet the criteria of a special funding situation in accordance with GASB standards. Therefore, the net pension liabilities and related pension expense represent 100% of the School District's share of these amounts. During the year ended June 30, 2024, the School District recognized revenue of \$3,322,805 as reimbursement from the State for its current year pension payments

Payables to the Pension Plan

As of June 30, 2024, the School had \$2,494,937 included in accrued wages liability, of which \$1,900,477 is for the contractually required contribution for the second quarter of 2024 and \$594,461 is related to the accrued payroll liability for wages incurred as of June 30, 2024.

Defined Contributions Pension Plan

Retirement Severance Benefits

**Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024**

Under various contracts with administrators, support staff and custodians a lump sum payment is offered upon retirement. The payment is based on a flat amount per year of service reduced by a per diem amount based on the number of sick days used in each year.

The lump sum payment shall be paid in full to the employee in one payment on the date to be determined by the employee after the employees' effective date of retirement. In the event of death of the employee, the lump sum payment will be paid in full to the employee's estate.

In accordance with Government Accounting Standards Board Statement No. 73, this benefit is considered a pension plan.

The following is a summary of plan provisions:

	<u>Professional (teaching) Staff</u>	<u>Administrators</u>	<u>Classified and Confidential Employees</u>
10 years' experience with district	\$110 per year of service with district	\$250 per year of district service	\$45 per year of district service
21 years' experience with district	\$140 per year of service with district	\$250 per year of district service	\$70 per year of district service
31 years' experience with district	\$170 per year of service with district	\$250 per year of district service	\$95 per year of district service

Employer Contributions

The School District pays this benefit on a pay-as-you-go basis. It does not accumulate funds into any trust for future benefits. Contributions to the pension plan from the District were \$17,282 for the year ended June 30, 2024.

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

At June 30, 2024, the District reported a liability of \$288,213 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July, 2023, with rolling forward the System's total pension liability as of June 30, 2024.

For the year ended June 30, 2024, the District recognized pension expense of \$28,853. The following table reflects the changes to the pension obligation during the year.

**Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024**

Changes to Defined Contribution Pension Plan

	<u>2023-24</u>
Total Defined Contribution Pension Liability - beginning	\$ 280,511
Service Cost	14,973
Interest	11,645
Changes in Benefit Terms	-
Difference between expected and actual experience	(1,967)
Changes in assumptions	(925)
Benefit payments	(16,024)
Net change in total Pension Liability	<u>7,702</u>
Total Defined Contribution Pension Liability - ending	\$ 288,213
Interest Rate	4.13%
Plan Members	291
Covered Payroll	\$ 18,620,935

Actuarial Assumptions

The total pension liability as of June 30, 2024 was determined by the actuarial valuation on July 1, 2023, with rolling forward the System's total pension liability using the following actuarial assumptions, applied to all periods included in the measurement.

- Actuarial cost method - Entry Age Normal - level % of pay
- Investment return - 4.13%

The actuarial assumptions used in the July 1, 2023 valuation were based on the experience study conducted by the actuary, including the assumed retirement rates based on PSERS plan experience and vary by age, service, and gender.

Schedule on Defined Contribution Pension Deferred Outflows/Inflows

<u>Sources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$ -	\$ 17,659
Net difference between projected and actual investment earnings	-	-
Difference between expected and actual experience	26,689	-
Changes in proportion of the net defined contribution pension liability	-	-
District contributions subsequent to the measurement date	<u>17,282</u>	<u>-</u>
Total	\$ <u>43,971</u>	\$ <u>17,659</u>

**Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024**

Funded Status and Funding Process

The funded status of the benefits as of June 30, 2024, was as follows:

	Retirement Incentive Benefit Governmental Activity
Actuarial accrued liability (a)	\$ 288,213
Actuarial value of plan assets (b)	-
Unfunded actuarial accrued liability (a) - (b)	\$ 288,213
Funded Ratio (b) / (a)	0.0%
Covered payroll	\$ 18,620,935
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll.	1.5%

Sensitivity of the District's Proportion Share of the Net Defined Contribution Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net defined contribution pension liability calculated using the discount rate of 4.13%, as well as what the District's proportionate share of the net defined contribution pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.13%) or 1-percentage point higher (5.13%) than the current rate, using the net defined contribution liability reported by the actuary before adjusting for differences on projected vs actual contributions made.

	1% Decrease 3.13%	Current Discount Rate 4.13%	1% Increase 5.13%
District's proportionate share of the net OPEB Pension liability	\$ 301,455	\$ 288,213	\$ 275,069

- a) Public School Employees' Retirement System (PSERS) Multiple Employer OPEB Plan on Health Insurance Premium Assistance Program

Summary of Significant Accounting Policies

Other Postemployment Benefits

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

**Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024**

General Information about the Health Insurance Premium Assistance Program

Health Insurance Premium Assistance Program

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2023 there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

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

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age

For Class DC members to become eligible for premium assistance, they must satisfy the following criteria:

- Attain Medicare eligibility with 24 ½ or more eligibility points, or
- Have 15 or more eligibility points and terminated after age 67, and
- Have received all or part of their distributions

Pension Plan Description

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

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program.

Contributions

Employer Contributions:

The school districts' contractually required contribution rate for the fiscal year ended June 30, 2024 was 0.64% 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

**Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024**

year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$127,787 for the year ended June 30, 2024.

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

At June 30, 2024, the District reported a liability of \$2,359,424 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, 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, 2022 to June 30, 2023. 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, 2024, the District's proportion was 0.1296 percent, which was an increase of 0.0061 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the District recognized OPEB expense of \$97,094. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Sources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Proportionate Share vs Actual		
Paid Separately Finance Liabilities	\$ 933	\$ -
Changes in Assumptions	-	241,000
Net difference between projected and actual contributions made	1,404	-
Net difference between projected and actual investment earnings	5,000	-
Difference between expected and actual experience	-	8,000
Changes in proportion of the Net OPEB Liability	97,000	-
District contributions subsequent to the measurement date	127,787	-
Total	<u>\$ 232,124</u>	<u>\$ 249,000</u>

\$127,787 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	<u>Amount</u>
2024	\$ (26,000)
2025	(36,941)
2026	(42,635)
2027	(55,609)
2028	16,245
Thereafter	<u>277</u>
Total	<u>\$ (144,663)</u>

Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024

Actuarial Assumptions

The Total OPEB Liability as of June 30, 2023, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2022 to June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 4.13% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
 - Eligible retirees will elect to participate Pre age 65 at 50%
 - Eligible retirees will elect to participate Post age 65 at 70%

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

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2021 determined the employer contribution rate for fiscal year 2023.
- 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: The actual data for retirees benefiting under the Plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

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

**Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024**

OPEB - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	100.0%	1.2%
	100%	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2023.

Discount Rate

The discount rate used to measure the Total OPEB Liability was 4.13%. 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 4.13% which represents the S&P 20-year Municipal Bond Rate at June 30, 2023, was applied to all projected benefit payments to measure the total OPEB liability.

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2023, 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, 2023, 92,677 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2023, 522 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the System net OPEB liability for June 30, 2023, calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if the health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Current Trend Rate	1% Increase
System net OPEB liability	\$ 2,345,000	\$ 2,345,000	\$ 2,345,000

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

The following presents the net OPEB liability, calculated using the discount rate of 4.13%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.13%) or 1-percentage-point higher (5.13%) than the current rate:

**Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024**

	1% Decrease 3.13%	Current Discount Rate 4.13%	1% Increase 5.13%
District's proportionate share of the net OPEB liability	\$ 2,651,000	\$ 2,345,000	\$ 2,088,000

OPEB Plan Fiduciary Net Position

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

Payables to the Multiple Employer OPEB Plan

As of June 30, 2024, the School had \$47,865 included in accrued wages liability, of which \$36,460 is for the contractually required contribution for the second quarter of 2024 and \$11,405 is related to the accrued payroll liability for wages incurred as of June 30, 2024.

**Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024**

Single Employer Healthcare OPEB Plan

The following table reflects those employees eligible for this other post-employment benefit:

Summary of Plan Provisions			
Group	Eligibility	Coverage And Premium Sharing	Duration
<u>I. ALL EMPLOYEES</u>	<i>Must retire from the District</i>	<ul style="list-style-type: none"> • Coverage: Medical, Prescription Drug, and Dental. • Premium Sharing: Member pays 100% of the premium plus a monthly fee of \$5.00. • Dependents: Family Included 	Member and spouse may each continue coverage until Medicare age regardless of the status of the other.

Notes: PSERS Retirement

- 1) Pension Class T-C or T-D: An employee is eligible for PSERS retirement if he (or she) is eligible for either: i) PSERS early retirement while under 62 with 5 years of PSERS Service or ii) PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS service, age 62 with 1 year of PSERS service or 35 years of PSERS service regardless of age. In general, these pension classes apply to individuals who were members of PSERS prior to July 1, 2011.
- 2) Pension Class T-E or T-F: An employee is eligible for PSERS retirement if he (or she) is eligible for either: i) PSERS early retirement while under 65 with 10 years of PSERS Service or ii) PSERS superannuation retirement upon reaching age 65 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 92 with a minimum of 35 years of PSERS service. In general, these pension classes apply to individuals who became members of PSERS on or after July 1, 2011 and prior to July 1, 2019.
- 3) Pension Class T-G: An employee is eligible for PSERS retirement if he (or she) is eligible for either: i) PSERS early retirement while under 67 with 10 years of PSERS Service or ii) PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 97 with a minimum of 35 years of PSERS service. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.
- 4) Pension Class T-H: An employee is eligible for PSERS retirement if he (or she) is eligible for either: i) PSERS early retirement while under 67 with 10 years of PSERS Service or ii) PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.
- 5) All individuals except those in Pension Class T-G are eligible for a special early retirement upon reaching age 55 with 25 years of PSERS service. Individuals in Pension Class T-G are eligible for a special early retirement upon reaching age 57 with 25 years of PSERS service.

GASB 73 Disclosures: Employees are eligible for retirement severance benefits based on years of service with the district as follows:

	<u>Professional (teaching) Staff:</u>	<u>Administrators:</u>	<u>Classified and Confidential Employees:</u>
10 years experience with district	\$110 per year of district service	\$250 per year of district service	\$45 per year of district service
21 years experience with district	\$140 per year of district service	\$250 per year of district service	\$70 per year of district service
31 years experience with district	\$170 per year of district service	\$250 per year of district service	\$95 per year of district service

The benefits are accounted for under GASB 73, and a Summary of Calculations is included at the end of this report.

**Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024**

Employees Covered by Benefit Terms

At June 30, 2024, the following employees were covered by the benefit terms:

Active Participants	291
Vested Former Participants	0
Retired Participants	<u>12</u>
Total	303

Total OPEB Liability

The School's total OPEB liability under this single employer plan of \$2,513,986, was measured as of June 30, 2024, and was determined by an actuarial valuation as of July 1, 2023.

Actuarial Assumptions and Other Inputs

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the benefits and the annual required contributions of the employer are subject to continual revision, actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress, presented as required supplementary information, provides multiyear trend information that shows whether the actuarial value of plan Net Position is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the district and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

	Single Employer OPEB Healthcare <u>Benefit</u>
Actuarial Valuation Date	7/1/2023
Actuarial Cost Method	Entry Age Normal
Discount Rate	4.13%
Salary Increases	4.00% to 6.75%
Healthcare cost trend rates	7.0% in 2023 with 0.5% decrease per year until 5.5% in 2026. Rates gradually decrease from 5.4% in 2027 to 4.1 in 2075 and later on the Society of Actuaries Long-Run Medical Cost Trend Model.
Asset Valuation Method	pay as you go basis

The discount rate is based on S&P Municipal Bond 20-year high grade rate index at July 1, 2023.

**Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024**

Mortality rates are assumed pre-retirement and post-retirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation. Incorporated into the tables are rates projected generationally using Scale MP-2021 to reflect mortality improvement.

Changes in the Total OPEB Liability

	<u>2023-24</u>
Total OPEB Liability	
Service Cost	\$ 161,276
Interest	107,359
Changes in Benefit Terms	-
Difference between expected and actual experience	(221,439)
Changes in assumptions	(331,796)
Benefit payments	<u>(96,973)</u>
Net change in total OPEB Liability	(381,573)
Total OPEB Liability - beginning	<u>2,535,559</u>
Total OPEB Liability - ending	<u>\$ 2,153,986</u>
Covered employee payroll	<u>\$ 18,620,935</u>

Total OPEB Liability as a percentage of covered employee payroll 11.57%

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

For the year ended June 30, 2024, the School recognized OPEB expense of \$141,870. At June 30, 2024, the School reported deferred outflows of resource and deferred inflows of resources related to this single employer OPEB plan from the following sources:

Sources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ -	\$ 885,757
Net difference between projected and actual investment earnings	-	-
Difference between expected and actual experience	-	391,583
Changes in proportion of the Net OPEB Liability	-	-
District contributions subsequent to the measurement date	<u>86,299</u>	<u>-</u>
Total	<u>\$ 86,299</u>	<u>\$ 1,277,340</u>

**Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024**

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

Year ended June 30:	<u>Amount</u>
2025	\$ (126,765)
2026	(126,765)
2027	(126,765)
2028	(126,765)
2029	(126,763)
Thereafter	<u>(643,517)</u>
Total	<u>\$ (1,277,340)</u>

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

The following presents the total OPEB liability of the School's single employer OPEB plan, as well as what the School's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.13%) or 1-percentage point higher (5.13%) than the current discount rate:

	1% Decrease 3.13%	Current Discount Rate 4.13%	1% Increase 5.13%
District's proportionate share of the net OPEB liability	\$ 2,319,243	\$ 2,153,986	\$ 1,997,825

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

The following presents the total OPEB liability of the School's single employer OPEB plan, as well as what the School's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
System net OPEB liability	\$ 1,926,861	\$ 2,153,986	\$ 2,418,464

**Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024**

Combined Deferred Outflows on Pensions and OPEB

As a result of having multiple pension and other post-employment benefit plans, the following schedule is prepared to illustrate the individual components reflected on the Statement of Net Position.

GOVERNMENTAL ACTIVITIES					
RECONCILIATION OF NET CHANGE IN DEFERRED OUTFLOWS/INFLOWS	Pension - GASB 68	Pension - GASB 73	Single Employer OPEB - GASB 75	Multiple Employer OPEB - GASB 75	Pension & OPEB Total
	DR OR (CR) CURRENT YR	DR OR (CR) CURRENT YR	DR OR (CR) CURRENT YR	DR OR (CR) CURRENT YR	DR OR (CR) CURRENT YR
	BALANCE	BALANCE	BALANCE	BALANCE	BALANCE
Change in Proportion	\$ 1,700,943	\$ -	\$ -	\$ 94,137	\$ 1,795,080
Current Year Contributions	6,405,170	14,558	84,557	123,883	6,628,168
Change in Assumption	835,514	(18,299)	(860,386)	(233,973)	(277,144)
Diff in Projected Vs Actual Contributions	37,182	-	-	1,360	38,542
Difference in Investment Earnings	1,574,108	-	-	4,850	1,578,958
Diff. between Expected vs Actual Experience	(753,705)	17,428	(382,142)	(7,785)	(1,126,204)
Diff. between Prop. Share vs Actual POS	22,928	-	-	933	23,861
Net Pension Liability	\$ 56,104,592	\$ -	\$ -	\$ -	\$ 56,104,592
Net Defined Contribution Pension Liability	\$ -	\$ 274,255	\$ -	\$ -	\$ 274,255
Net OPEB Liability	\$ -	\$ -	\$ 2,107,288	\$ 2,288,160	\$ 4,395,448

BUSINESS-TYPE ACTIVITIES					
RECONCILIATION OF NET CHANGE IN DEFERRED OUTFLOWS/INFLOWS	Pension - GASB 68	Pension - GASB 73	Single Employer OPEB - GASB 75	Multiple Employer OPEB - GASB 75	Pension & OPEB Total
	DR OR (CR) CURRENT YR	DR OR (CR) CURRENT YR	DR OR (CR) CURRENT YR	DR OR (CR) CURRENT YR	DR OR (CR) CURRENT YR
	BALANCE	BALANCE	BALANCE	BALANCE	BALANCE
Change in Proportion	\$ 50,057	\$ -	\$ -	\$ 2,863	\$ 52,920
Current Year Contributions	201,832	2,724	1,742	3,904	210,202
Change in Assumption	26,486	640	(25,371)	(7,027)	(5,272)
Diff in Projected Vs Actual Contributions	1,124	-	-	44	1,168
Difference in Investment Earnings	59,892	-	-	150	60,042
Diff. between Expected vs Actual Experience	(24,295)	9,261	(9,441)	(215)	(24,690)
Diff. between Prop. Share vs Actual POS	-	-	-	-	-
Net Pension Liability	\$ 1,593,942	\$ -	\$ -	\$ -	\$ 1,593,942
Net Defined Contribution Pension Liability	\$ -	\$ 13,958	\$ -	\$ -	\$ 13,958
Net OPEB Liability	\$ -	\$ -	\$ 46,698	\$ 71,264	\$ 117,962

STATEMENT OF NET POSITION	
Governmental & Business-Type Activities	Total
RECONCILIATION OF NET CHANGE IN DEFERRED OUTFLOWS/INFLOWS	DR OR (CR) CURRENT YR BALANCE
Change in Proportion	\$ 1,848,000
Current Year Contributions	6,838,370
Change in Assumption	(282,416)
Diff in Projected Vs Actual Contributions	39,710
Difference in Investment Earnings	1,639,000
Diff. between Expected vs Actual Experience	(1,150,894)
Diff. between Prop. Share vs Actual POS	23,861
Net Pension Liability	\$ 57,698,534
Net Defined Contribution Pension Liability	\$ 288,213
Net OPEB Liability	\$ 4,513,410

RECONCILIATION TO FINANCIAL STATEMENTS		
	Governmental Activities	Business-Type Activities
<u>Pension - Pension and Defined Contribution Plans</u>	DR OR (CR)	DR OR (CR)
Net Pension Liability	\$ 56,104,592	\$ 1,593,942
Net Defined Contribution Pension Liability	274,255	13,958
Deferred Outflow Related to Pension	(10,607,831)	(352,016)
Deferred Inflows Related to Pension	772,004	24,295
Total liab. Net deferred inflows/outflows	\$ 46,543,020	\$ 1,280,179
<u>OPEB - Single & Multiple Employer Plans</u>	DR OR (CR)	DR OR (CR)
Net OPEB Liability	\$ 4,395,448	\$ 117,962
Deferred Outflows Related to OPEB	(309,720)	(8,703)
Deferred Inflows Related to OPEB	1,484,286	42,054
Total liab. Net deferred inflows/outflows	\$ 5,570,014	\$ 151,313

Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024

Note 6 - Risk Management

The District is subject to risk of loss from employee risks, property damage, personal injury, auto accidents, etc. The District lowers these risks through the purchase of commercial insurance. The District's workers' compensation policy is a retrospectively rated policy. The final premium is based on actual payroll for the policy year and is determined by the insurance company. Any settlements received by the District or its employees did not exceed insurance charges in the last three years.

Note 7 - Fund Balance Allocations

Nonspendable Fund Balance:

The General Fund features a non-spendable fund balance amounting to \$31,470, which is constituted by Prepaid Expenditures.

Restricted Fund Balance:

The year-end fund balance of the Capital Reserve Fund stands at \$805,456 and is legally restricted to the enabling legislation delineated in the Municipal Code of Pennsylvania. Section 1432 of the said code circumscribes the utilization of resources for specific purposes.

The General Fund has earmarked \$2,350, a sum derived from unspent external contributions received over the fiscal year.

Committed Fund Balance:

The Board of School Directors, as the governing body, has committed \$59,996 from the General Fund's year-end fund balance towards HRA objectives.

Assigned Fund Balance:

Within the General Fund, an amount of \$21,699,069 has been assigned for prospective building projects, alongside \$3,214,434 assigned to balance the 2024-25 General Fund budget.

The Debt Service Stabilization Fund Balance, amounting to \$172,297, is categorized as assigned, reflecting the fund's designation for covering future debt service expenditures.

Note 8 - Net Investment in Capital Assets

The components of this restriction in the governmental activities column is total capital assets of \$76,726,683, with related debt of \$37,724,102, which includes unamortized bonds discounts, premiums, and deferred refunding charges. The business-type activities column reflects \$179,355 invested in capital assets with no related debt.

Hamburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024

Note 9 - Contingencies

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and a condition specified in the grant agreements, and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund, or other applicable funds. However, in the opinion of management any such disallowed claims will not have a material adverse effect on the overall financial position of the School District as of June 30, 2024.

Litigation

The School District is party to legal proceedings. The School District is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial condition of the School District.

Note 10 - New Accounting Pronouncements

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

- GASB Statement No. 101, Compensated Absences: This statement establishes standards for the recognition and measurement of liabilities for compensated absences. It will be effective for fiscal years beginning after December 15, 2023, and will be adopted by the District for the fiscal year ending June 30, 2025.
- GASB Statement No. 102, Risks and Uncertainties Disclosures: This statement requires governments to disclose risks and uncertainties that could significantly affect financial outcomes. It is effective for fiscal years beginning after June 15, 2024.
- GASB Statement No. 103, Conduit Debt Obligations (Amendment): This standard clarifies the reporting of conduit debt obligations and will be effective for fiscal years beginning after December 15, 2024.

**REQUIRED
SUPPLEMENTAL INFORMATION**

**HAMBURG AREA SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
District's proportion of the net pension liability (asset)	0.1298%	0.1238%	0.1262%	0.1236%	0.1225%	0.1244%	0.1240%	0.1211%	0.1213%	0.1252%
District's proportionate share of the net pension liability (asset)	\$ 57,743,000	\$ 55,040,000	\$ 51,814,000	\$ 60,859,000	\$ 57,309,000	\$ 59,718,000	\$ 61,242,000	\$ 60,013,000	\$ 52,542,000	\$ 49,548,102
District's covered employee payroll	19,966,763	19,579,693	18,216,179	17,770,694	17,285,752	16,903,947	16,186,878	16,515,232	15,752,617	15,666,583
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	289.20%	281.11%	284.44%	342.47%	331.54%	353.28%	378.34%	363.38%	333.54%	316.27%
Plan fiduciary net position as a percentage of the total pension liability	61.85%	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

HAMBURG AREA SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2024

	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Contractually required contribution	\$ 6,607,002	\$ 6,717,793	\$ 6,219,003	\$ 5,986,947	\$ 5,782,084	\$ 5,510,687	\$ 5,137,715	\$ 4,822,448	\$ 3,938,150	\$ 3,211,649
Contributions in relation to the contractually required contribution	<u>6,607,002</u>	<u>6,717,793</u>	<u>6,219,003</u>	<u>5,986,947</u>	<u>5,782,084</u>	<u>5,510,687</u>	<u>5,137,715</u>	<u>4,822,448</u>	<u>3,938,150</u>	<u>3,211,649</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 19,966,763	\$ 19,579,693	\$ 18,216,179	\$ 17,770,694	\$ 17,285,752	\$ 16,903,947	\$ 16,186,878	\$ 16,515,232	\$ 15,752,617	\$ 15,666,583
Contributions as a percentage of covered employee payroll	33.09%	34.31%	34.14%	33.69%	33.45%	32.60%	31.74%	29.20%	25.00%	20.50%

HAMBURG AREA SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S DEFINED CONTRIBUTION PENSION LIABILITY
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2024

	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
Total Defined Contribution Pension Liability - beginning	\$ 280,511	\$ 303,957	\$ 281,983	\$ 268,703	\$ 256,845	\$ 251,901	\$ 274,441
Service Cost	14,973	18,366	18,806	14,316	16,103	14,783	17,825
Interest	11,645	7,009	5,389	9,007	7,813	8,015	6,622
Changes in Benefit Terms	-	-	12,433	-	-	-	(47,658)
Difference between expected and actual experience	(1,967)	-	10,908	-	12,343	-	28,435
Changes in assumptions	(925)	(21,309)	(5,179)	17,585	(4,519)	1,766	(10,679)
Benefit payments	(16,024)	(27,512)	(20,383)	(27,628)	(19,882)	(19,620)	(17,085)
Net change in total Pension Liability	<u>7,702</u>	<u>(23,446)</u>	<u>21,974</u>	<u>13,280</u>	<u>11,858</u>	<u>4,944</u>	<u>(22,540)</u>
Total Defined Contribution Pension Liability - ending	<u>\$ 288,213</u>	<u>\$ 280,511</u>	<u>\$ 303,957</u>	<u>\$ 281,983</u>	<u>\$ 268,703</u>	<u>\$ 256,845</u>	<u>\$ 251,901</u>
Interest Rate	4.13%	4.06%	2.28%	1.86%	3.36%	2.98%	3.13%
Plan Members	291	296	296	291	291	298	298
Covered Payroll	\$ 18,620,935	\$ 17,546,299	\$ 17,546,299	\$ 15,821,666	\$ 15,821,666	\$ 15,990,231	\$ 15,990,231

HAMBURG AREA SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET DEFINED CONTRIBUTION PENSION LIABILITY
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2024

	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
District's proportionate share of the net defined contribution pension liability (asset)	\$ 288,213	\$ 280,511	\$ 303,957	\$ 281,983	\$ 268,703	\$ 256,845	\$ 251,901
District's covered employee payroll	\$ 18,620,935	\$ 17,546,299	\$ 17,546,299	\$ 15,821,666	\$ 15,821,666	\$ 15,990,231	\$ 15,990,231
District's proportionate share of the net defined contribution pension liability (asset) as a percentage of its covered employee payroll	1.55%	1.60%	1.73%	1.78%	1.70%	1.61%	1.58%

**HAMBURG AREA SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
MULTIPLE EMPLOYER OPEB PLAN
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>
District's proportion of the net OPEB liability	0.1296%	0.1235%	0.1260%	0.1236%	0.1225%	0.1244%	0.1240%	0.1211%
District's proportionate share of the net OPEB liability (asset)	\$ 2,345,000	\$ 2,273,000	\$ 2,987,000	\$ 2,673,000	\$ 2,605,000	\$ 2,594,000	\$ 2,526,000	\$ 2,608,000
District's covered-employee payroll	19,855,465	18,165,158	17,863,246	17,770,694	17,285,752	16,903,947	16,186,878	16,515,232
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered employee payroll	11.81%	12.51%	16.72%	15.04%	15.07%	15.35%	15.61%	15.79%
Plan fiduciary net position as a percentage of the total OPEB liability	7.22%	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%	5.47%

HAMBURG AREA SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
MULTIPLE EMPLOYER OPEB PLAN
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2024

	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Contractually required contribution	\$ 127,787	\$ 146,848	\$ 145,729	\$ 145,720	\$ 145,200	\$ 140,303	\$ 134,351	\$ 137,076	\$ 132,322	\$ 141,000
Contributions in relation to the contractually required contribution	<u>127,787</u>	<u>146,848</u>	<u>145,729</u>	<u>145,720</u>	<u>145,200</u>	<u>140,303</u>	<u>134,351</u>	<u>137,076</u>	<u>132,322</u>	<u>141,000</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 19,966,763	\$ 19,579,693	\$ 18,216,179	\$ 17,285,752	\$ 17,285,752	\$ 16,903,947	\$ 16,186,878	\$ 16,515,232	\$ 15,752,617	\$ 15,666,583
Contributions as a percentage of covered employee payroll	0.64%	0.75%	0.80%	0.84%	0.84%	0.83%	0.83%	0.83%	0.84%	0.90%

**HAMBURG AREA SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
SINGLE EMPLOYER HEALTH INSURANCE PLAN
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
Total OPEB Liability							
Service Cost	\$ 161,276	\$ 240,231	\$ 247,266	\$ 182,727	\$ 216,815	\$ 201,735	\$ 178,873
Interest	107,359	74,686	60,345	90,925	93,559	92,506	67,324
Changes in Benefit Terms	-	-	-	-	(150,203)	-	57,876
Difference between expected and actual experience	(221,439)	-	5,196	-	(297,544)	-	(45,427)
Changes in assumptions	(331,796)	(775,865)	(167,838)	329,363	(135,069)	4,258	114,981
Benefit payments	<u>(96,973)</u>	<u>(85,012)</u>	<u>(132,047)</u>	<u>(126,090)</u>	<u>(127,961)</u>	<u>(131,247)</u>	<u>(160,784)</u>
Net change in total OPEB Liability	(381,573)	(545,960)	12,922	476,925	(400,403)	167,252	212,843
Total OPEB Liability - beginning	<u>2,535,559</u>	<u>3,081,519</u>	<u>3,068,597</u>	<u>2,591,672</u>	<u>2,992,075</u>	<u>2,824,823</u>	<u>2,611,980</u>
Total OPEB Liability - ending	<u>\$ 2,153,986</u>	<u>\$ 2,535,559</u>	<u>\$ 3,081,519</u>	<u>\$ 3,068,597</u>	<u>\$ 2,591,672</u>	<u>\$ 2,992,075</u>	<u>\$ 2,824,823</u>
Covered employee payroll	<u>\$ 18,620,935</u>	<u>\$ 17,546,299</u>	<u>\$ 17,546,299</u>	<u>\$ 15,821,666</u>	<u>\$ 15,821,666</u>	<u>\$ 15,990,231</u>	<u>\$ 15,990,231</u>
Total OPEB Liability as a percentage of covered employee payroll	11.57%	14.45%	17.56%	19.39%	16.38%	18.71%	17.67%

**Hamburg Area School District
Notes To Required Supplemental Information
Fiscal Year Ended June 30, 2024**

Public School Employees' Retirement System

Changes of Benefit Terms

None

Changes in Assumptions

The actuarially determined contributions, by PSERS, are calculated as of the June 30 preceding the fiscal year in which contributions are made. It does not include an adjustment made for the difference between projected vs actual contributions or separately financed liabilities. The following methods and assumptions were used to determine contribution rates reported:

- Valuation Date -- June 30, 2022
- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return – 7.00% includes inflation at 2.50%.
- Salary growth – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the Total Pension Liability was 7.0% as of June 30, 2022 and as of June 30, 2023.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
 - Salary growth rate - decreased from 5.00% to 4.50%.
 - Real wage growth and merit or seniority increases (components for salary growth) - decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
 - Mortality rates - previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

Proportionate Share of the Net Pension Liability

The amount reported as the District's proportionate share of the net pension liability (asset) does not include the adjustment for the difference between projected vs actual contributions made and the adjustment for the difference between proportionate share vs actual paid separately financed liabilities.

Other Post-Employment Benefits – Teachers Health Insurance Assistance

Changes of Benefit Terms

None

Changes in Assumptions

- The discount rate used to measure the Total OPEB liability increased from 4.09% as of June 30, 2022 to 4.13% as of June 30, 2023.

**Hamburg Area School District
Notes To Required Supplemental Information
Fiscal Year Ended June 30, 2024**

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contributions, by PSERS, are calculated as of the June 30 preceding the fiscal year in which contributions are made. It does not include an adjustment made for the difference between projected vs actual contributions or separately financed liabilities. The following methods and assumptions were used to determine contribution rates reported:

- Investment return – 4.13% - S&P 20 Year Municipal Bond Rate.
- Salary increases – Effective average of 4.5%, which reflects an allowance for inflation of 2.50%, and 2.00% for real wage growth and merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
 - Eligible retirees will elect to participate Pre age 65 at 50%
 - Eligible retirees will elect to participate Post age 65 at 70%

The Following Assumptions were used to Determine the Contribution Rate:

- The results of the actuarial valuation as of July 1, 2021 determined the employer contribution rate for fiscal year 2023.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

Proportionate Share of the Net OPEB Liability

The amount reported as the District's proportionate share of the net OPEB liability (asset) does not include the adjustment for the difference between projected vs actual contributions made and the adjustment for the difference between proportionate share vs actual paid separately financed liabilities.

Other Post-Employment Benefits – Single Employer Healthcare Plan

Changes of Benefit Terms

No changes this year.

Changes in Assumptions

The discount rate changed from 4.06% to 4.13%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS assumptions.

**Hamburg Area School District
Notes To Required Supplemental Information
Fiscal Year Ended June 30, 2024**

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

- Actuarial Cost Method – Entry Age Normal
- Salary Increases – 4.0% to 6.75%
- Healthcare cost trend rate – 7.0% in 2023, with 0.5% decrease per year until 5.5% in 2026. Rates gradually decrease from 5.4% in 2027 to 4.1% in 2075 based on the Society of Actuaries Long-Run Medical Cost Trend Model.
- Asset Valuation Method – Equal to the Market Value of Assets.
- Discount Rate – The rate of 4.13% is based on S&P Municipal Bond 20-year high grade rate index at July 1, 2023.

**OTHER
SUPPLEMENTAL INFORMATION**

**Hamburg Area School District
Combining Balance Sheet
All Non-Major Governmental Funds
As of June 30, 2024**

	CAPITAL RESERVE FUND	CAPITAL PROJECT FUND	DEBT SERVICE STABILIZATION FUND	TOTAL CAPITAL PROJECT FUNDS
<u>ASSETS</u>				
Cash and cash equivalents	\$ 805,456	\$ -	\$ 172,297	\$ 977,753
Due from other funds	-	-	-	-
TOTAL ASSETS	805,456	-	172,297	977,753
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 805,456	\$ -	\$ 172,297	\$ 977,753
<u>LIABILITIES</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-
<u>DEFERRED INFLOWS OF RESOURCES</u>				
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	-	-	-	-
FUND BALANCES:				
Restricted Fund Balance	805,456	-	-	805,456
Assigned Fund Balance	-	-	172,297	172,297
TOTAL FUND BALANCES	805,456	-	172,297	977,753
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 805,456	\$ -	\$ 172,297	\$ 977,753

Hamburg Area School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
All Non-Major Governmental Funds
For the Year Ended June 30, 2024

	CAPITAL RESERVE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE STABILIZATION FUND	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
REVENUES				
Local Sources	\$ 53,411	\$ -	\$ 69	\$ 53,480
TOTAL REVENUES	53,411	-	69	53,480
	-----	-----	-----	-----
EXPENDITURES				
Support Services	2,500	-	-	2,500
Capital Outlay	378,000	-	-	378,000
TOTAL EXPENDITURES	380,500	-	-	380,500
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(327,089)	-	69	(327,020)
OTHER FINANCING SOURCES (USES)				
Transfers in	59	-	-	59
Transfers out	-	59	-	59
TOTAL OTHER FINANCING SOURCES AND USES	59	(59)	-	-
NET CHANGE IN FUND BALANCES	(327,030)	(59)	69	(327,020)
FUND BALANCES - BEGINNING	1,132,486	59	172,228	1,304,773
FUND BALANCES - ENDING	\$ 805,456	\$ -	\$ 172,297	\$ 977,753

**Hamburg Area School District
General Fund
Schedule on Tax Collectors' Receipts
For the Year Ended June 30, 2024**

	HAMBURG BOROUGH	PERRY TOWNSHIP	SHOEMAKERSVILLE BOROUGH	TILDEN TOWNSHIP	UPPER BERN TOWNSHIP	UPPER TULPEHOCKEN TOWNSHIP	WINDSOR TOWNSHIP	TOTAL
CURRENT REAL ESTATE TAXES								
Assessed Value	\$ 173,138,800	\$ 304,505,600	\$ 47,354,900	\$ 232,065,200	\$ 129,100,800	\$ 93,906,300	\$ 130,073,500	\$ 1,110,145,100
Millage Rate	0.02696	0.02696	0.02696	0.02696	0.02696	0.02696	0.02696	0.02696
TOTAL	4,667,821	8,209,470	1,276,687	6,256,478	3,480,558	2,531,714	3,506,782	29,929,510
Less: Act 1 Reduction	201,783	164,932	61,503	211,100	117,228	114,479	173,415	1,044,440
TOTAL TAXABLE DUPLICATE	4,466,038	8,044,538	1,215,184	6,045,378	3,363,330	2,417,235	3,333,367	28,885,070
Plus - Additions	1,578	-	-	-	-	-	1,569	3,147
Penalties	12,529	11,050	2,482	8,069	8,350	4,208	7,192	53,880
TOTAL TAXES TO BE COLLECTED	4,480,145	8,055,588	1,217,666	6,053,447	3,371,680	2,421,443	3,342,128	28,942,097
Less - Discounts	79,171	150,526	21,852	98,962	47,122	41,783	60,583	499,999
Exonerations	2,230	33,773	2,747	512	-	-	-	39,262
Refunds	2,518	1,597	-	1,536	531	70,382	958	77,522
Returned to County	71,356	60,702	31,767	171,278	114,855	59,391	35,929	545,278
Cabela's / Grand Street	-	-	-	716,146	-	-	-	716,146
Grand Street	144,166	-	-	-	-	-	-	144,166
NET CURRENT REAL ESTATE TAXES COLLECTED	<u>\$ 4,180,704</u>	<u>\$ 7,808,990</u>	<u>\$ 1,161,300</u>	<u>\$ 5,065,013</u>	<u>\$ 3,209,172</u>	<u>\$ 2,249,887</u>	<u>\$ 3,244,658</u>	<u>\$ 26,919,724</u>
CURRENT INTERIM REAL ESTATE TAXES COLLECTED	<u>\$ 2,852</u>	<u>\$ 1,305,903</u>	<u>\$ 1,901</u>	<u>\$ 34,314</u>	<u>\$ 70,869</u>	<u>\$ 24,952</u>	<u>\$ 63,481</u>	<u>\$ 1,504,272</u>

Hamburg Area School District
General Fund - Budget vs Actual
Statement of Revenue, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2024

6000 - Revenue from Local Services		Budget	Actual	Variance
6111	Current Real Estate Taxes	\$ 26,662,468	\$ 26,919,724	\$ 257,256
6112	Interim Real Estate Taxes	250,000	1,504,272	1,254,272
6113	Public Utility	29,000	25,894	(3,106)
6114	Payment in Lieu of Taxes	11,770	11,770	-
6151	Earned Income Tax	2,675,000	2,844,600	169,600
6153	Real Estate Transfer Tax	600,000	370,439	(229,561)
6411	Delinquent Real Estate Taxes	700,000	659,607	(40,393)
6420	Delinquent per Capita Taxes, Section 679	-	1,722	1,722
6441	Delinquent Act 511 Per Capita Taxes	-	1,722	1,722
6510	Interest	460,000	2,223,894	1,763,894
6700	Revenues From Student Activities	79,940	-	(79,940)
6710	Admissions	-	44,711	44,711
6711	Tournament Fees	-	13,875	13,875
6740	Fees	-	11,385	11,385
6790	Other Student Activity Income	-	11,711	11,711
6832	I/U Services - Federal	375,000	446,875	71,875
6837	Federal CARES Act Revenue Received as Pass Through	-	6,460	6,460
6910	Rentals	75,000	55,303	(19,697)
6920	Contributions	40,000	35,766	(4,234)
6969	All Other Services Provided Other Governments and	-	32,206	32,206
6990	Miscellaneous	77,558	12,648	(64,910)
6991	Refunds of Prior Yr. Expenditures	-	7,052	7,052
TOTAL REVENUE FROM LOCAL SOURCES		\$ 32,035,736	\$ 35,241,636	\$ 3,205,900
7000 - Revenue from State Sources				
7111	Basic Subsidy - Formula	7,968,563	8,388,070	419,507
7160	Orphan Tuition	90,000	60,793	(29,207)
7271	Special Education	1,756,343	1,746,091	(10,252)
7311	Transportation (Regular and Additional)	900,000	857,315	(42,685)
7312	Transportation (Nonpublic and Charter School)	-	17,710	17,710
7320	Rentals	331,231	1,008,909	677,678
7330	Health Services	38,000	42,120	4,120
7340	State Property Tax Reduction Allocation	1,044,251	1,044,251	-
7362	School Mental Health & Safety and Security Grants	-	168,773	168,773
7505	Ready to Learn Grant	338,158	338,158	-
7599	Other Revenues from State Sources	-	2,734	2,734
7810	Stae Share of Social Security and Medicare Taxes	759,819	741,684	(18,135)
7820	State Share of Retirement Contributions	3,376,970	3,220,065	(156,905)
TOTAL REVENUE FROM STATE SOURCES		\$ 16,603,335	\$ 17,636,673	\$ 1,033,338
8000 - Revenue from Federal Sources				
8514	Title I	422,643	489,454	66,811
8515	Title II	60,887	65,747	4,860
8517	Title IV	32,024	32,200	176
8743	ESSER II	194,458	16,182	(178,276)
8744	ARP ESSER (ESSER III)	2,581,452	2,550,307	(31,145)
8749	Other CARES Act Funding	-	41,667	41,667
8753	ARP ESSER Afterschool Programs	-	10,689	10,689
8810	Medical Assistance Reimbursements (Access)	21,843	7,056	(14,787)
TOTAL REVENUE FROM FEDERAL SOURCES		\$ 3,313,307	\$ 3,213,302	\$ (100,005)

Hamburg Area School District
General Fund - Budget vs Actual
Statement of Revenue, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>9000 - Other Financing Sources</u>			
9220 Proceeds from Leases	-	726,349	726,349
9330 Capital Projects Fund Transfers	-	59	59
9400 Sale of or Compensation For Loss of Fixed Assets	<u>3,500</u>	<u>4,330</u>	<u>830</u>
TOTAL OTHER FINANCING SOURCES	\$ <u>3,500</u>	\$ <u>730,738</u>	\$ <u>727,238</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ <u>51,955,878</u>	\$ <u>56,822,349</u>	\$ <u>4,866,471</u>

1000 - Instruction

1110 Instruction - Regular	20,159,343	20,159,343	-
1190 Instruction - Federally Funded Programs	649,771	580,844	68,927
1211 Life Skills Support - Public	840,047	840,047	-
1212 Life Skills Support - PRRI	20,000	-	20,000
1221 Deaf or Hearing Impaired Support	79,782	33,906	45,876
1224 Blind or Visually Impaired Support	142,400	135,112	7,288
1225 Speech & Language Support	382,425	382,425	-
1231 Emotional Support - Public	848,411	757,696	90,715
1233 Autistic Support	2,021,013	1,829,092	191,921
1241 Learning Support - Public	4,722,588	4,722,588	-
1243 Gifted Support	153,413	142,295	11,118
1260 Physical Support	14,500	9,274	5,226
1270 Multi-handicapped Support	71,451	28,784	42,667
1280 Early Intervention Support	155,000	14,512	140,488
1290 Other Support	86,246	86,246	-
1310 Agricultural Education	36,448	36,448	-
1380 Trade and Industrial Education	5,000	-	5,000
1390 Other Vocational Education	825,381	825,204	177
1441 Adjudicated/Court Placed Programs	17,956	17,956	-
1442 Alternative Education Program	79,044	3,756	75,288
1500 Nonpublic School Programs	2,500	1,282	1,218
1700 Higher Education Programs	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total Instruction	31,317,719	30,606,810	710,909

2000 - Support Services

2111 Supervision of Pupil Personnel Services	281,121	273,793	7,328
2120 Guidance Services	1,014,713	976,718	37,995
2122 Counseling Services	87,238	87,238	-
2140 Psychological Services	343,360	256,191	87,169
2160 Social Work Services	252,262	252,262	-
2250 School Library Services	638,162	411,020	227,142
2260 Instruction and Curriculum Development Services	433,867	385,615	48,252
2271 Instructional Staff Development Services (Certified)	111,750	88,091	23,659
2310 Board Services	36,278	36,278	-
2330 Tax Assessment and Collection Services	<u>74,345</u>	<u>72,716</u>	<u>1,629</u>
Sub - Total Support Services	3,273,332	2,839,922	433,410

**Hamburg Area School District
General Fund - Budget vs Actual
Statement of Revenue, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Sub - Total Support Services (carried forward)	3,273,332	2,839,922	433,410
2350 Legal Services	86,000	74,180	11,820
2360 Office of the Superintendent Services	455,702	440,399	15,303
2380 Office of the Principal Services	1,547,787	1,547,787	-
2420 Medical Services	5,038	5,038	-
2430 Dental Services	1,300	664	636
2440 Nursing Services	394,676	348,788	45,888
2511 Supervision of Fiscal Services	211,037	210,276	761
2519 Other Fiscal Services	642,784	642,784	-
2611 Supervision of Operation and Maint. of Plant Svcs.- Head	219,916	178,760	41,156
2620 Operation of Building Services	3,588,073	3,522,865	65,208
2630 Care and Upkeep of Grounds Services	24,000	16,412	7,588
2640 Care and Upkeep of Equipment Services	20,000	7,288	12,712
2650 Vehicle Operation and Maint. Services	4,763	4,763	-
2660 Security Services	510,929	510,929	-
2711 Supervision of Student Transportation Services - Head	143,120	143,120	-
2720 Vehicle Operation Services	2,231,484	2,231,484	-
2750 Non-Public Transportation	226,299	226,299	-
2811 Supervision of Planning, Research and Development	450	-	450
2818 System-Wide Technology Services	635,741	606,878	28,863
2821 Supervision of Information Services	191,835	191,835	-
2822 Internal Information Services	224,878	224,878	-
2834 Staff Development Services - Non-Instructional	30,500	6,478	24,022
2836 Staff Development Services - Non-Instructional	28,775	5,714	23,061
2910 Support services not listed elsewhere in the 2000	39,754	39,754	-
	<u>14,738,173</u>	<u>14,027,295</u>	<u>710,878</u>
<u>3000 - Operation of Non-Instructional Services</u>			
3210 School Sponsored Student Activities	97,040	94,110	2,930
3250 School Sponsored Athletics	887,697	887,697	-
3300 Community Services	45,200	42,012	3,188
	<u>1,029,937</u>	<u>1,023,819</u>	<u>6,118</u>
<u>5000 - Other Expenditures and Financing Uses</u>			
5110 Debt Service	4,164,556	4,164,556	-
5130 Refund of Prior Yr. Receipts	13,130	13,130	-
5140 Leases	444,757	444,757	-
5900 Budgetary Reserve	-	-	-
	<u>7,203,895</u>	<u>4,622,502</u>	<u>2,581,393</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 54,289,724</u>	<u>\$ 50,280,426</u>	<u>\$ 4,009,298</u>

**Hamburg Area School District
General Fund - Budget vs Actual
Statement of Revenue, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 51,955,878	\$ 56,822,349	\$ 4,866,471
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>54,289,724</u>	<u>50,280,426</u>	<u>4,009,298</u>
NET REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(2,333,846)	6,541,923	8,875,769
Special Items	-	-	-
Extraordinary Items	<u>-</u>	<u>-</u>	<u>-</u>
NET REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES AFTER SPECIAL ITEMS AND EXTRAORDINARY ITEMS	(2,333,846)	6,541,923	8,875,769
FUND BALANCE - JULY 1, 2023	<u>18,117,379</u>	<u>21,985,026</u>	<u>3,867,647</u>
FUND BALANCE - JUNE 30, 2024	<u>\$ 15,783,533</u>	<u>\$ 28,526,949</u>	<u>\$ 12,743,416</u>

**Hamburg Area School District
Food Service Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2024**

REVENUES

Lunches	\$ 532,917	
Special Functions	34,361	
Federal Subsidy	817,704	
Donated Commodities Received	138,428	
State Subsidy	114,019	
State Reimbursement - FICA & Retirement	125,359	
Other Food Service Revenue	4,632	
Interest	32,416	
TOTAL REVENUES		\$ 1,799,836

COST OF GOODS SOLD

Inventory - July 1, 2023	65,277	
Food and Milk	494,845	
Donated Commodities	174,607	
Supplies	64,239	
LESS - Inventory - June 30, 2024	(63,572)	
TOTAL COST OF GOODS SOLD		735,396

GROSS PROFIT

1,064,440

EXPENSES

Salaries	601,922	
Benefits	408,594	
Professional Fees	732	
Travel	1,440	
Repairs	41,328	
Supplies & Fees - Technology Related	6,388	
Depreciation	14,728	
Purchased Services	15,114	
Dues and Fees	459	
TOTAL EXPENSES		1,090,705

CHANGES IN FUND NET POSITION

(26,265)

FUND NET POSITION - BEGINNING

(407,163)

FUND NET POSITION - ENDING

\$ (433,428)

**Hamburg Area School District
Food Service Fund
Statement of Fund Net Position
As of June 30, 2024**

ASSETS

Cash and Cash Equivalents	\$ 717,565
Due From Other Funds	126,840
Intergovernmental Receivables	12,508
Other Receivables	34,791
<i>Inventory</i>	
- Food	27,393
- Federal Commodities	36,179
Equipment (net of accum. Depreciation)	179,382

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows - Related to Pension	352,016
Deferred Outflows - Related to OPEB	8,703

TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES **\$ 1,495,377**

LIABILITIES

Accounts Payable	\$ 11,282
Due to Other Funds	12,123
Accrued Salaries and Benefits	32,030
Compensated Absences	19,561
Unearned Revenue	36,179
Prepayments from Students	25,419
Net OPEB Liability - Single Employer	46,698
Net OPEB Liability - Multiple Employer Plan	71,264
Net Defined Contribution Pension Liability	13,958
Net Pension Liability	1,593,942

DEFERRED INFLOWS OF RESOURCES

Deferred Inflows - Related to Pension	24,295	
Deferred Inflows - Related to OPEB	42,054	1,928,805

FUND NET POSITION **(433,428)**

**TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES,
AND FUND NET POSITION** **\$ 1,495,377**

**Hamburg Area School District
Capital Reserve Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2024**

FUND BALANCE - JULY 1, 2023		\$ 1,132,486
REVENUES AND OTHER FINANCING SOURCES:		
Interest	\$ 53,411	
Interfund Transfers In	59	53,470
TOTAL FUNDS AVAILABLE		<u>1,185,956</u>
SUPPORT SERVICES:		
Equipment	2,500	
CAPITAL OUTLAY:		
Repairs & Maintenance	378,000	380,500
FUND BALANCE - JUNE 30, 2024		<u><u>\$ 805,456</u></u>

**Hamburg Area School District
Capital Projects Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2024**

FUND BALANCE - JULY 1, 2023		\$ 59
REVENUES AND OTHER FINANCING SOURCES:		
Interest	\$ -	
Interfund Transfers In	-	-
TOTAL FUNDS AVAILABLE		<u>59</u>
EXPENDITURES		
OTHER FINANCING USES:		
Interfund Transfers Out	59	59
FUND BALANCE - JUNE 30, 2024		<u><u>\$ -</u></u>

**Hamburg Area School District
Debt Service Stabilization Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2024**

FUND BALANCE - JULY 1, 2023		\$ 172,228
 <u>REVENUES AND OTHER FINANCING SOURCES</u>		
Interest	\$ 69	<u>69</u>
TOTAL FUNDS AVAILABLE		172,297
 <u>EXPENDITURES AND OTHER FINANCING USES</u>		
OTHER FINANCING USES:		
Transfer to General Fund	<u>-</u>	<u>-</u>
 FUND BALANCE - JUNE 30, 2024		 <u>\$ 172,297</u>

Student Activity Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2024

ADDITIONS

Interest Income	\$	1,565	
Student Fees		61,158	
Special Events		105,260	
Contributions/Donations		9,454	
Other Activity Income		605	
TOTAL ADDITIONS		178,042	\$ 178,042

DEDUCTIONS

Professional and Technical Services		8,525	
Advertising/Public Relations		436	
Rentals		14,631	
Transportation Services		2,111	
Travel		43	
General Supplies		67,021	
Food		7,474	
Dues & Fees		64,935	
Scholarships		3,600	
Miscellaneous Expenses		15,398	
TOTAL DEDUCTIONS		184,174	184,174

NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION (6,132)

FUND NET POSITION - JULY 1, 2023 121,900

FUND NET POSITION - JUNE 30, 2024 \$ 115,768

Student Activity Funds
Statement of Fiduciary Net Position
As of June 30, 2023

ASSETS

Cash and Cash Equivalents	\$	117,524	
Other Receivables		712	
TOTAL ASSETS		118,236	\$ 118,236

LIABILITIES

Accounts Payable	\$	2,468	
Due to Other Funds		-	
TOTAL LIABILITIES		2,468	2,468

NET POSITION

Restricted for			
Individuals, organizations, and other governments		115,768	

TOTAL LIABILITIES AND FUND NET POSITION \$ 118,236

**Hamburg Area School District
Schedule on General Obligation Notes
Series of 2019
For the Year Ended June 30, 2024**

<u>FISCAL YEAR</u>	<u>INTEREST RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2024-25	5.00	\$ 682,750	\$ 5,000
2025-26	5.00	682,500	2,630,000
2026-27	5.00	551,000	1,765,000
2027-28	5.00	462,750	530,000
2028-29	5.00	436,250	3,065,000
2029-30	5.00	283,000	5,000
2030-31	5.00	282,750	3,535,000
2031-32	4.00	106,000	2,650,000
TOTAL OUTSTANDING		<u>\$ 3,487,000</u>	<u>\$ 14,185,000</u>

**Schedule on General Obligation Bonds
Series of 2020
For the Year Ended June 30, 2024**

<u>FISCAL YEAR</u>	<u>INTEREST RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2024-25	2.00	\$ 276,106	\$ 120,000
2025-26	2.00	273,706	125,000
2026-27	2.00	271,206	125,000
2027-28	2.13	268,706	135,000
2028-29	2.25	265,838	135,000
2029-30	3.00	262,800	3,545,000
2030-31	3.00	156,450	70,000
2031-32	3.00	154,350	1,135,000
2032-33	3.00	120,300	4,010,000
TOTAL OUTSTANDING		<u>\$ 2,049,462</u>	<u>\$ 9,400,000</u>

**Hamburg Area School District
Schedule on General Obligation Bonds
Series A of 2020
For the Year Ended June 30, 2024**

<u>FISCAL YEAR</u>	<u>INTEREST RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2024-25	2.00-4.00	\$ 204,450	\$ 2,605,000
2025-26	3.00	104,250	30,000
2026-27	3.00	103,350	1,025,000
2027-28	3.00	72,600	2,420,000
TOTAL OUTSTANDING		<u>\$ 484,650</u>	<u>\$ 6,080,000</u>

**Schedule on General Obligation Bonds
Series of 2021
For the Year Ended June 30, 2024**

<u>FISCAL YEAR</u>	<u>INTEREST RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2024-25	1.00	\$ 274,950	\$ 5,000
2025-26	1.00	274,900	5,000
2026-27	2.00	274,850	5,000
2027-28	2.00	274,750	5,000
2028-29	2.00	274,650	5,000
2029-30	2.00	274,550	5,000
2030-31	2.00	274,450	5,000
2031-32	3.00	274,350	5,000
2032-33	3.00	274,200	5,000
2033-34	3.00	274,050	2,955,000
2034-35	3.00	185,400	3,045,000
3035-36	3.00	94,050	3,135,000
TOTAL OUTSTANDING		<u>\$ 3,025,150</u>	<u>\$ 9,180,000</u>

S I N G L E A U D I T S E C T I O N

**Hamburg Area School District
Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2024**

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL ALN	GRANTOR PASS THROUGH NUMBER	GRANT PERIOD	AWARD AMOUNT	TOTAL RECEIVED	ACCRUED OR (DEFERRED) AT 7/01/23	REVENUE	EXPEN- TURES	ACCRUED OR (DEFERRED) AT 6/30/24	FOOT- NOTES
U.S. DEPARTMENT OF THE TREASURY											
<u>PASSED THROUGH THE PA COMMISSION ON CRIME AND DELINQUENCY (PCCD)</u>											
COVID-19 CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	I	21.027	2023-CM-01-41872	1/1/24 - 12/31/25	\$ 126,356	\$ -	\$ -	\$ 41,667	\$ 41,667	\$ 41,667	2
TOTAL U.S. DEPARTMENT OF THE TREASURY						-	-	41,667	41,667	41,667	
U.S. DEPARTMENT OF EDUCATION											
<u>PASSED THROUGH PA DEPARTMENT OF EDUCATION (PDE)</u>											
TITLE IA - IMPROVING BASIC PROGRAMS	I	84.010	FA-013-23-0178	7/1/22 - 9/30/23	\$ 411,313	132,788	93,254	39,535	39,535	-	2
TITLE IA - IMPROVING BASIC PROGRAMS	I	84.010	FA-013-24-0178	7/1/23 - 9/30/24	\$ 449,919	302,283	-	449,919	449,919	147,636	
TOTAL TITLE I PROGRAM						435,071	93,254	489,454	489,454	147,636	
<u>PASSED THROUGH THE PDE</u>											
TITLE IIA - SUPPORTING EFFECTIVE INSTRUCTION	I	84.367	FA-020-23-0178	7/1/22 - 9/30/23	\$ 59,972	15,714	15,714	-	-	-	2
TITLE IIA - SUPPORTING EFFECTIVE INSTRUCTION	I	84.367	FA-020-24-0178	7/1/23 - 9/30/24	\$ 65,747	39,553	-	65,747	65,747	26,194	
TOTAL TITLE II PROGRAM						55,267	15,714	65,747	65,747	26,194	
<u>PASSED THROUGH THE PDE</u>											
TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICHMENT	I	84.424	FA-144-19-0178	7/1/18 - 9/30/21	\$ 40,925	-	(411)	-	-	(411)	2 5
TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICHMENT	I	84.424	FA-144-22-0178	7/1/21 - 9/30/22	\$ 32,559	-	-	-	-	-	
TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICHMENT	I	84.424	FA-144-23-0178	7/1/22 - 9/30/23	\$ 33,618	-	-	-	-	-	
TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICHMENT	I	84.424	FA-144-24-0178	7/1/23 - 9/30/24	\$ 32,200	32,200	-	32,200	32,200	-	
TOTAL TITLE IV PROGRAM						32,200	(411)	32,200	32,200	(411)	
<u>PASSED THROUGH THE PDE</u>											
COVID-19 ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF (ESSER) FUND											
(ESSER II)	I	84.425D	FA-200-21-0178	03/13/20 - 09/30/23	\$ 1,598,775	185,904	169,722	16,182	16,182	-	
COVID-19 AMERICAN RESCUE PLAN - ESSER (ARP-ESSER)	I	84.425U	FA-223-21-0178	03/13/20 - 09/30/24	\$ 3,233,859	1,352,341	(139,613)	2,550,307	2,550,307	1,058,354	
COVID-19 ARP-ESSER - LEARNING LOSS SET ASIDE	I	84.425U	FA-225-21-0178	03/13/20 - 09/30/24	\$ 179,530	-	(20,544)	-	-	(20,544)	
COVID-19 ARP-ESSER - SUMMER SCHOOL SET ASIDE	I	84.425U	FA-225-21-0178	03/13/20 - 09/30/24	\$ 35,906	-	-	-	-	-	
COVID-19 ARP-ESSER - AFTER SCHOOL SET ASIDE	I	84.425U	FA-225-21-0178	03/13/20 - 09/30/24	\$ 35,906	-	(30,812)	10,689	10,689	(20,123)	
TOTAL EDUCATION STABILIZATION FUND						1,538,245	(21,247)	2,577,178	2,577,178	1,017,687	

SOURCE: D-DIRECT; I-INDIRECT

**Hamburg Area School District
Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2024**

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL ALN	GRANTOR PASS THROUGH NUMBER	GRANT PERIOD	AWARD AMOUNT	TOTAL RECEIVED	ACCRUED OR (DEFERRED) AT 7/01/23	REVENUE	EXPENDI- TURES	ACCRUED OR (DEFERRED) AT 6/30/24	FOOT- NOTES
<u>PASSED THROUGH THE BERKS COUNTY I.U.</u>											
IDEA, PART B	I	84.027	N/A	7/1/22 - 9/30/23	\$ 379,051	216,768	216,769	-	-	-	2
IDEA, PART B	I	84.027	N/A	7/1/23 - 9/30/24	\$ 434,841	261,371	-	434,841	434,841	173,470	1
IDEA SECTION 619 - PRESCHOOL	I	84.173	N/A	7/1/22 - 9/30/23	\$ 3,920	-	-	-	-	-	1
IDEA SECTION 619 - PRESCHOOL	I	84.173	N/A	7/1/23 - 9/30/24	\$ 12,034	12,034	-	12,034	12,034	-	1
TOTAL IDEA CLUSTER						<u>490,173</u>	<u>216,769</u>	<u>446,875</u>	<u>446,875</u>	<u>173,470</u>	
TOTAL U.S. DEPARTMENT OF EDUCATION						<u>2,550,956</u>	<u>304,079</u>	<u>3,611,454</u>	<u>3,611,454</u>	<u>1,364,576</u>	
<u>FEDERAL COMMUNICATION COMMISSION</u>											
<u>PASSED THROUGH THE UNIVERSAL SERVICE ADMINISTRATIVE CO</u>											
COVID-19 EMERGENCY CONNECTIVITY FUND PROGRAM	I	32.009	N/A	N/A	N/A	6,460	-	6,460	6,460	-	2
TOTAL FEDERAL COMMUNICATIONS COMMISSION						<u>6,460</u>	<u>-</u>	<u>6,460</u>	<u>6,460</u>	<u>-</u>	
<u>U. S. DEPT. OF AGRICULTURE</u>											
<u>PASSED THROUGH THE PDE</u>											
NATIONAL SCHOOL LUNCH	I	10.555	N/A	7/1/22-6/30/23	N/A	81,345	81,345	-	-	-	2
NATIONAL SCHOOL LUNCH	I	10.555	N/A	7/1/23-6/30/24	N/A	629,231	-	629,231	629,231	-	
COVID-19 NATIONAL SCHOOL LUNCH - SUPPLY CHAIN ASSISTANCE	I	10.555	N/A	N/A	N/A	52,420	-	52,420	52,420	-	
BREAKFAST PROGRAM	I	10.553	N/A	7/1/22-6/30/23	N/A	-	-	-	-	-	
BREAKFAST PROGRAM	I	10.553	N/A	7/1/23-6/30/24	N/A	-	-	-	-	-	
SEVERE NEED BREAKFAST	I	10.553	N/A	7/1/22-6/30/23	N/A	15,209	15,209	-	-	-	
SEVERE NEED BREAKFAST	I	10.553	N/A	7/1/23-6/30/24	N/A	135,400	-	135,400	135,400	-	
TOTAL CHILD NUTRITION CLUSTER						<u>1,064,321</u>	<u>72,665</u>	<u>955,479</u>	<u>955,479</u>	<u>(36,177)</u>	
<u>PASSED THROUGH THE PA DEPARTMENT OF AGRICULTURE</u>											
NATIONAL SCHOOL LUNCH - USDA COMMODITIES	I	10.555	N/A	7/1/23-6/30/24	N/A	150,716	(23,889)	138,428	138,428	(36,177)	2 3
TOTAL U.S. DEPARTMENT OF AGRICULTURE						<u>1,064,974</u>	<u>72,665</u>	<u>956,132</u>	<u>956,132</u>	<u>(36,177)</u>	
TOTAL FEDERAL AWARDS						<u>\$ 3,622,390</u>	<u>\$ 376,744</u>	<u>\$ 4,615,713</u>	<u>\$ 4,615,713</u>	<u>\$ 1,370,066</u>	

SOURCE: D-DIRECT; I-INDIRECT

Hamburg Area School District
Notes to the Schedule of Expenditures of Federal Awards
For the year Ended June 30, 2024

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Hamburg Area School District under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Hamburg Area School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Hamburg Area School District.

Note 2 - Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting for all federal awards charged to governmental funds and on the accrual basis of accounting for all federal awards charged to proprietary funds, as contemplated by accounting principles, generally accepted in the United States of America.

Note 3 - Organization and Scope

The District recognized 6.4% of its total general fund revenue in federal awards and 53.1% of its total enterprise fund revenue.

Note 4 - Indirect Costs

The District did not charge any indirect costs to any of their federal grants and programs during this fiscal year. As such, the District did not use the 10% de minimis cost rate.

Note 5 - Program Disclosure - Footnotes

1. The federal awards passed through the Berks County Intermediate Unit, under the U.S. Department of Education heading, are part of a consortium of participating school districts. In accordance with directions from the Commonwealth of Pennsylvania, these awards are reported on the basic financial statements as local source revenue.
2. The Federal Grants were passed through the following entities in the totals below:

<u>Passed through</u>	<u>Total Awards</u>	<u>Total Expenditures</u>
PA Department of Education	\$ 6,144,052	\$ 3,982,283
PA Commission on Crime and Delinquency	126,356	41,667
Berks County I.U.	829,846	446,875
PA Department of Agriculture	N/A	138,428
Universal Service Administration Company	N/A	6,460
Totals	\$ 7,100,254	\$ 4,615,713

3. The District received non-monetary assistance from the U.S. Department of Agriculture, of \$150,716 in the form of commodities. These commodities are valued at U.S.D.A.'s approximate costs. During the 2023-24 fiscal year, the District used \$138,428 in commodities and established a year-end inventory of \$36,177 at June 30, 2024.

Hamburg Area School District
Notes to the Schedule of Expenditures of Federal Awards
For the year Ended June 30, 2024

4. The Medical Access grant passed through the PA Department of Education is reflected as federal source revenue on the basic financial statements; however pursuant to instructions from the commonwealth of PA, it is not reported as revenue on the Schedule of Expenditures of Federal Awards.

FINANCIAL STATEMENT RECONCILIATION	
General Fund Federal Source Revenues	\$3,213,302
Federal Grants in Local Sources	453,335
Food Service Fund Federal Revenue	<u>956,132</u>
Total Federal Revenue, per financial statements	4,622,769
Less - Medical Access	<u>(7,056)</u>
Federal Revenue on SEFA	<u>\$4,615,713</u>

5. The \$411 reported in the Accrued or (Deferred) column at June 30, 2024, was an overpayment by the Pennsylvania Department of Education (PDE) for the Title IV program. This amount is still owed back to PDE as of June 30, 2024.



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

Board of School Directors
Hamburg Area School District
701 Windsor Street
Hamburg, PA 19526

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison statement of the general fund of the Hamburg Area School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Hamburg Area School District's basic financial statements, and have issued our report thereon dated November 13, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,



Northampton, Pennsylvania
November 13, 2024



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

Board of School Directors
Hamburg Area School District
701 Windsor Street
Hamburg, PA 19526

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Hamburg Area School District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Hamburg Area School District's major federal programs for the year ended June 30, 2024. Hamburg Area School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Hamburg Area School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

Hamburg Area School District

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

Respectfully submitted,

Manna Associates, P.C.

Northampton, Pennsylvania
November 13, 2024

**Hamburg Area School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024**

Section I - Summary of Auditor Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) Identified? yes no
- Significant Deficiencies identified that are not considered to be material weaknesses? yes none reported
- Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) Identified? yes no
- Significant Deficiencies identified that are not considered to be material weaknesses? yes none reported

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

Any audit findings disclosed that are required to be reported in accordance with section 200.516 of the Uniform Guidance yes no

Identification of major program:

AL Number(s)	Name of Federal Program or Cluster
10.553, 10.555	Child Nutrition Cluster

Percentage of programs tested to total awards 20.7%

Dollar threshold used to distinguish between type A and type B program: \$ 750,000

Auditee qualified as low-risk auditee? yes no

**Hamburg Area School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024**

Section II - Financial Statement Findings

There were no findings discovered, relating to the financial statements, which are required to be reported in accordance with generally accepted government auditing standards.

Section III - Findings and Questioned Costs for Federal Awards

There were no findings discovered, relating to the federal awards, which are required to be reported in accordance with Uniform Guidance Section 200.516.

Audit Follow-Up Procedures :

We did not perform any follow-up procedures since there were no findings from the previous year.