

**Freedom Area School District  
Financial Statements  
June 30, 2022**

**Freedom Area School District  
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**Independent Auditor's Report**

Members of the Board  
Freedom Area School District  
Freedom, Pennsylvania

**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 Freedom Area School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Freedom 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 Freedom Area School District, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

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

**Change in Accounting Principle**

As described in Note 16 to the financial statements, Freedom Area School District adopted new accounting guidance, GASB Statement No. 87 "*Leases*". Our opinions are not modified with respect to that matter.

### **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 Freedom 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 judgement 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 the expressing an opinion on the effectiveness of Freedom 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Freedom 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, budgetary comparison information, post-employment benefit information and pension information as shown in the table of contents, 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 Freedom Area School District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 2, 2023, on our consideration of Freedom 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 Freedom 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 Freedom Area School District's internal control over financial reporting and compliance.

*Hosack, Specht, Muetzel & Wood LLP*

HOSACK, SPECHT, MUETZEL & WOOD LLP  
Pittsburgh, Pennsylvania  
January 2, 2023

**Freedom Area School District  
Management's Discussion and Analysis  
June 30, 2022**

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

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

**Financial Highlights**

The Freedom Area School District had a \$264,102 increase in expenditures during the 2021-22 school year over the 2020-21 school year. This represents approximately one percent of the prior year expenditures and the current year budget. The district was able to transfer \$600,000 to the capital project fund for future renovations to the high school and other needed projects, a decrease of \$150,000 from the previous year.

The district also realized an overall increase in revenues of \$256,159. About 60% of the increase came from local sources, namely real estate taxes. The other 40% came from an increase in State funding of \$291k offset by decreases in Federal funding of \$189k.

In reviewing the fund statements, you will note that the district had total expenditures and transfers out of \$24,570,021, which includes the \$600,000 transfer to the capital projects fund. Revenues, other sources and changes in fund balances together totaled \$25,122,177. Revenues alone totaled \$24,846,099. There was an overall increase to fund balances of \$276,078. This included an increase in the Technology fund balance of \$15,235 to provide for future equipment replacements, a creation of a Vehicle fund balance of \$145,000, a reduction in the Band Uniform Replacement fund balance of \$45,560, a reduction in the Athletic Facility Upgrade fund balance of \$50,000 and a reduction of \$64,676 in the district's unassigned fund balance.

**Using the Annual Financial Report**

The Annual Financial Report consists of a financial section and a single audit section which is issued to comply with federal guidelines as required in the Government Auditing Standards and the Uniform Grant Guidance. Within the financial section are the management's discussion and analysis (this section) and a series of financial statements and notes to those statements. These statements are organized so that the reader can understand Freedom Area School District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The first two statements are government-wide financial statements - the statement of net position and the statement of activities. These provide both long-term and short-term information about the School District's overall financial status.

**Freedom Area School District  
Management's Discussion and Analysis  
June 30, 2022**

Government-Wide Financial Statements

There are two government-wide financial statements presented in this report. The first is a statement of net position and the second, a statement of activities. These government-wide financial statements present, as their name suggests, aggregated information for the overall School District; they do not display individual fund or fund types. They do not include activities reported in fiduciary funds since those activities are reported only in the fund financial statements.

Statement of Net Position - This statement follows a balance sheet format where the difference between assets and liabilities is labeled "net position" which are displayed in three components called "investment in capital assets, net of related debt", "restricted", and "unrestricted".

Statement of Activities - This statement reports the expenses, net of program revenue, of the government's individual functions, most commonly by function, which groups related activities that are aimed at accomplishing a major service. An additional component included in this statement is the reporting of depreciation expense for capital assets in a function's direct expense if the depreciation is specifically identifiable with the function.

Fund Financial Statements

The School District will report governmental, proprietary, and fiduciary fund activity as they have in the past. The governmental fund types found in this report include the general fund and capital projects fund. Proprietary funds include the food service fund. Activity and custodial funds are found under the fiduciary fund definition.

The remaining statements are fund financial statements that focus on individual parts of the School District's operations in more detail than the government-wide statements. The governmental funds statements tell how general School District services were financed in the short term as well as what remains for future spending.

Proprietary fund statements offer short and long-term financial information about the activities that the School District operates like a business. For Freedom Area School District, this is our food service fund. Fiduciary fund statements provide information about financial relationships where the School District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes to explain some of the information in the financial statements and provide more detailed data.



**Freedom Area School District  
Management's Discussion and Analysis  
June 30, 2022**

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

Figure A – 1  
Required Components of  
Freedom Area School District's  
Financial Report

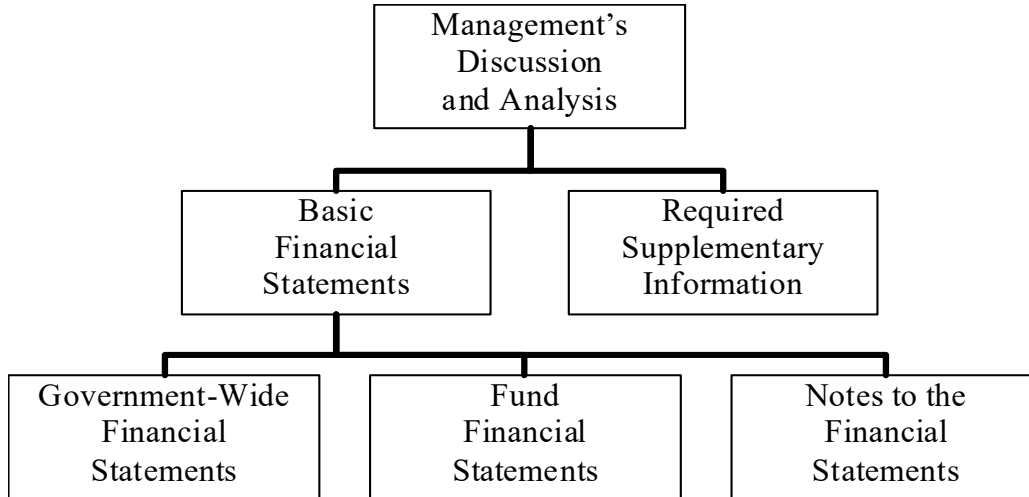


Figure A-2 summarizes the major features of the School District's financial statements, including the portion of the School District they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents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

**Freedom Area School District  
Management's Discussion and Analysis  
June 30, 2022**

Figure A – 2  
Major Features of Freedom Area School District's  
Government-Wide and Fund Financial Statements

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

**Freedom Area School District  
Management's Discussion and Analysis  
June 30, 2022**

**Overview of Financial Statements**

Government-Wide Statements

The government-wide statements report information about Freedom Area School District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the School District's net position and how they have changed from the previous fiscal year. Net position is the difference between the School District's assets and liabilities. This is the main way to measure the School District's current financial health or position.

Over time, increases or decreases in the School District's net position are an indication of whether its financial health is improving or deteriorating.

To assess the complete financial health of the School District, you need to consider additional non-financial factors, such as changes in the School District's tax base and the performance of the students.

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

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

Fund Financial Statements

The School District's fund financial statements, which begin with Exhibit 3, provide detailed information about the most significant funds - not the School District as a whole. Some funds are required by state law and bond requirements.

*Governmental funds* - Most of the School District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements.

**Freedom Area School District  
Management's Discussion and Analysis  
June 30, 2022**

*Proprietary funds* - These funds are used to account for the School District activities that are similar to business operations in the private sector; or where the reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding through user charges. When fees are charged for services, services are generally reported in proprietary funds. The food service fund is the School District's proprietary fund and is the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows.

*Fiduciary funds* - The School District is the trustee, or fiduciary, for custodial funds. All of the School District's fiduciary activities are reported in separate statement of fiduciary net position on Exhibit 10 and statement of change in net position on Exhibit 11. We exclude these activities from the School District's other financial statement because the School District cannot use these assets to finance its operations.

**Financial Analysis of the School District as a Whole**

The School District's total net position was a deficit \$(12,490,163) at June 30, 2022 and a deficit \$(15,200,715) at June 30, 2021.

Table A - 1  
Years Ended June 30, 2022 and 2021  
Net Position

	<b>2022</b>			<b>2021</b>		
	Governmental Activities	Business- Type Activities	Totals	Governmental Activities	Business- Type Activities	Totals
Current and Other Assets	\$ 16,373,032	\$ 672,807	\$ 17,045,839	\$ 15,402,130	\$ 543,525	\$ 15,945,655
Capital Assets	15,659,041	49,394	15,708,435	16,598,296	68,707	16,667,003
<b>Total Assets</b>	<b>32,032,073</b>	<b>722,201</b>	<b>32,754,274</b>	<b>32,000,426</b>	<b>612,232</b>	<b>32,612,658</b>
Deferred Outflows of Resources	5,604,637	125,317	5,729,954	5,605,712	150,755	5,756,467
Current and Other Liabilities	3,220,584	114,525	3,335,109	3,105,097	202,410	3,307,507
Noncurrent Liabilities						
Due Within One Year	500,632	-	500,632	464,537	-	464,537
Due in More Than One Year	39,476,080	848,109	40,324,189	46,470,270	1,070,601	47,540,871
<b>Total Liabilities</b>	<b>43,197,296</b>	<b>962,634</b>	<b>44,159,930</b>	<b>50,039,904</b>	<b>1,273,011</b>	<b>51,312,915</b>

**Freedom Area School District  
Management's Discussion and Analysis  
June 30, 2022**

Table A - 1  
Years Ended June 30, 2022 and 2021  
Net Position

	2022			2021		
	Governmental Activities	Business- Type Activities	Totals	Governmental Activities	Business- Type Activities	Totals
Deferred Inflows of Resources	6,606,337	208,124	6,814,461	2,190,191	66,734	2,256,925
Net Position						
Net Investment in Capital Assets	6,275,244	49,394	6,324,638	6,882,317	68,707	6,951,024
Unrestricted	(18,442,167)	(372,634)	(18,814,801)	(21,506,274)	(645,465)	(22,151,739)
Total Net Position	<u>\$ (12,166,923)</u>	<u>\$ (323,240)</u>	<u>\$ (12,490,163)</u>	<u>\$ (14,623,957)</u>	<u>\$ (576,758)</u>	<u>\$ (15,200,715)</u>

The results of this year's operation as a whole are reported in the statement of activities. All expenditures are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expenditure categories are represented to determine the final amount of the School District's activities that are supported by other general revenues. The two largest general revenues are the basic education subsidy provided by the Commonwealth of Pennsylvania, and the real estate and earned income taxes assessed to the taxpayers of the School District.

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

Table A - 2  
Years Ended June 30, 2022 and 2021  
Changes in Net Position

	2022			2021		
	Governmental Activities	Business- Type Activities	Totals	Governmental Activities	Business- Type Activities	Totals
Revenues						
Program Revenues						
Charges for Services	\$ -	\$ 55,395	\$ 55,395	\$ -	\$ 16,195	\$ 16,195
Operating Grants and Contribs.	5,332,294	1,000,035	6,332,329	5,348,547	660,939	6,009,486

**Freedom Area School District  
Management's Discussion and Analysis  
June 30, 2022**

Table A - 2  
Years Ended June 30, 2022 and 2021  
Changes in Net Position

	2022			2021		
	Governmental Activities	Business- Type Activities	Totals	Governmental Activities	Business- Type Activities	Totals
<b>General Revenues</b>						
Property Taxes	9,031,999	-	9,031,999	9,042,189	-	9,042,189
Other Taxes	1,569,606	-	1,569,606	1,316,083	-	1,316,083
Grants, Subsidies and Contribs.						
Unrestricted	8,749,366	-	8,749,366	8,610,254	-	8,610,254
Investment Earnings	24,587	470	25,057	19,751	591	20,342
Sale of Capital Assets	-	-	-	818	-	818
Other	127,123	-	127,123	255,656	-	255,656
<b>Total Revenues</b>	<b>24,834,975</b>	<b>1,055,900</b>	<b>25,890,875</b>	<b>24,593,298</b>	<b>677,725</b>	<b>25,271,023</b>
<b>Expenses</b>						
Instruction	14,093,814	-	14,093,814	15,961,315	-	15,961,315
Instructional Student Support	1,488,819	-	1,488,819	1,612,024	-	1,612,024
Admin. and Fin. Support Svcs.	1,932,566	-	1,932,566	2,115,758	-	2,115,758
Operation and Maintenance						
of Plant Services	2,212,812	-	2,212,812	2,352,586	-	2,352,586
Pupil Transportation	1,277,822	-	1,277,822	1,014,496	-	1,014,496
Student Activities	627,359	-	627,359	538,550	-	538,550
Community Services	2,736	-	2,736	1,807	-	1,807
Interest on Long-Term Debt	312,611	-	312,611	326,048	-	326,048
Unallocated Depreciation	429,065	-	429,065	511,727	-	511,727
Food Service	-	802,382	802,382	-	768,171	768,171
<b>Total Expenses</b>	<b>22,377,604</b>	<b>802,382</b>	<b>23,179,986</b>	<b>24,434,311</b>	<b>768,171</b>	<b>25,202,482</b>
Increase (Decrease) in Net Position	2,457,371	253,518	2,710,889	158,987	(90,446)	68,541
<b>Beginning Net Position</b>						
(Restated - See Note 16)	(14,624,294)	(576,758)	(15,201,052)	(14,782,944)	(486,312)	(15,269,256)
<b>Ending Net Position</b>	<b>\$ (12,166,923)</b>	<b>\$ (323,240)</b>	<b>\$ (12,490,163)</b>	<b>\$ (14,623,957)</b>	<b>\$ (576,758)</b>	<b>\$ (15,200,715)</b>

**Freedom Area School District  
Management's Discussion and Analysis  
June 30, 2022**

The tables below present the expenses of both the governmental activities and the business-type activities of the School District.

Table A-3 shows the School District's largest functions - instructional programs, instructional student support, administrative, operation and maintenance of plant services, pupil transportation, student activities, community services, interest on debt, as well as each program's net cost (total cost less revenues generated by the activities). This table also shows the net costs offset by the other unrestricted grants, subsidies and contributions to show the remaining financial needs supported by local taxes and other miscellaneous revenues.

Table A - 3  
Years Ended June 30, 2022 and 2021  
Governmental Activities

	<b>2022</b>		<b>2021</b>	
	Total Cost (Expense) of Services	Net Cost (Expense) of Services	Total Cost (Expense) of Services	Net Cost (Expense) of Services
Functions/Programs				
Instruction	\$ 14,093,814	\$ 10,277,983	\$ 15,961,315	\$ 12,073,482
Instructional Student Support	1,488,819	1,150,933	1,612,024	1,361,619
Admin. and Fin. Support Svcs.	1,932,566	1,682,410	2,115,758	1,891,525
Operation and Maintenance of Plant Services	2,212,812	1,995,422	2,352,586	2,099,536
Pupil Transportation	1,277,822	616,877	1,014,496	327,040
Student Activities	627,359	577,322	538,550	493,029
Community Services	2,736	2,687	1,807	1,758
Interest on Long-Term Debt	312,611	312,611	326,048	326,048
Unallocated Depreciation	<u>429,065</u>	<u>429,065</u>	<u>511,727</u>	<u>511,727</u>
Total Governmental Activities	<u>\$ 22,377,604</u>	17,045,310	<u>\$ 24,434,311</u>	19,085,764
Less:				
Unrestricted Grants, Subsidies		<u>(8,749,366)</u>		<u>(8,610,254)</u>
Total Needs from Local Taxes and Other Revenues		<u>\$ 8,295,944</u>		<u>\$ 10,475,510</u>

**Freedom Area School District  
Management's Discussion and Analysis  
June 30, 2022**

Table A-4 reflects the activities of the food service program, the only business-type activity of the School District.

Table A - 4  
Years Ended June 30, 2022 and 2021  
Business-Type Activities

	<b>2022</b>		<b>2021</b>	
	Total Cost (Expense) of Services	Net Cost (Expense) of Services	Total Cost (Expense) of Services	Net Cost (Expense) of Services
Functions/Programs				
Food Service	<u>\$ 802,382</u>	\$ (253,048)	<u>\$ 768,171</u>	\$ 91,037
Add/Less:				
Investment Earnings		<u>(470)</u>		<u>(591)</u>
Total Business-Type Activities		<u>\$ (253,518)</u>		<u>\$ 90,446</u>

The statement of revenues, expenses and changes in fund net position for this proprietary fund shown on Exhibit 8 will further detail the actual results of operations.

**School District Funds**

At June 30, 2022, the School District's governmental funds reported a combined fund balance of \$12,052,077, which is an increase of \$890,183. This is an increase of \$276,078 in the general fund and an increase of \$614,105 in the capital projects fund.

**General Fund Budget**

During the fiscal year, the Board of School Directors authorizes revisions to the original budget to accommodate changes in actual revenues and expenditures of the School District. All adjustments are reconfirmed when the annual audit report is accepted, after the end of the fiscal year, which is not prohibited by the laws of the commonwealth of Pennsylvania in the statement of revenues, expenditures and changes in fund balance - budget and actual - general fund. Revenue budgets can change for different reasons. Some of these reasons are as follows: the School District applies for federal, state and local grants; and grants awarded after the start of the fiscal year and anticipated funding levels cannot be accurately anticipated during the budgeting process.



**Freedom Area School District  
Management's Discussion and Analysis  
June 30, 2022**

Budgeting for expenditures and other financing uses also change for various reasons. Increases or decreases in expenditures for grants will also be made after the start of the fiscal year, and changes to the budget will be made to accommodate the grants. Transfers between specific categories of expenditures and financing uses occur during the fiscal year. Most significant transfers occur between the budgetary reserve and specific areas of expenditures.

This year, the budgeted revenues and expenditures increased for changes made to reflect unexpected revenue changes, such as donations and changes to grant and/or subsidy funding levels. The budgetary reserve includes amounts that will be funded by the designated fund balance for planned opportunities of expenditures for improvements or enhancements to the School District's operations. These amounts are only appropriated with Board approval. This method is used by the Board to control real estate taxes while also protecting the integrity of the fund balance.

**Capital Assets and Debt Administration**

Capital Assets

At June 30, 2022, the School District had \$15,579,824 invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net decrease (including additions, deletions and depreciation) of \$1,018,472 from last year.

Table A-5 shows the capital assets of both the governmental activities and business-type activities of the School District.

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

	2022		2021	
	Governmental	Business- Type	Governmental	Business- Type
Land and Land Improvements	\$ 131,824	\$ -	\$ 131,824	\$ -
Buildings and Building Improvements	14,274,476	-	15,308,482	-
Furniture and Equipment	1,173,524	49,394	1,157,990	68,707

More detailed information regarding the School District's capital assets is included in the notes to the financial statement.

Debt Administration

As of June 30, 2022, the School District had total outstanding bond principal of \$9,700,000. This balance includes \$9,700,000 principal on the 2017 issue. More detailed information of the School District's long-term liabilities is shown in the notes to the financial statements.

**Freedom Area School District  
Management's Discussion and Analysis  
June 30, 2022**

**Major Financial and Program Issues**

Education Programs

The Freedom Area School District continues to maintain an intense focus on the improvement of our educational programming as we have for the last several years. During the 2021-2022 school year, we completed the Future Ready Comprehensive Planning Process which identified 3 priority areas: improving student achievement, reviewing and revising K - 12 curriculum and improving communication within the district and in the community.

During the 2021-22 school year, the process of reviewing and revising curriculum was initiated. Teachers of math were given the opportunity to work during the summer break to revise their curriculum. The Understanding by Design (UbD) framework was adopted. In addition, a license to utilize EduPlanet as an online curriculum repository was purchased and teachers were trained to use the platform. Professional development on the UbD framework and EduPlanet was provided to all teachers. With the increase of mental illness in young children and teens, we have implemented a social emotional curriculum in our special education classes. In addition, a kindness curriculum has been implemented in grades 5 - 8.

To improve communication within the community, the district began using PeachJar, an online platform to post flyers and share important information with parents.

We will continue our work to review and revise curriculum during the 2022-2023 school year. Teachers will again be provided summer days with pay to collaborate on writing curriculum. We are also in discussions on identifying updated resources in math to pilot during the 2023-24 school year.

Positions put in place through the use of federal grants have been filled. These positions will remain in place through FY 24. It is the hope that we will show a direct correlation between these positions and improved student achievement in order to maintain these positions in the local FY 25 budget.

As in the past, we continue to focus our efforts on helping students to develop an awareness of careers and develop specific, individual plans for transitioning from high school to adult life. The College and Career Readiness teacher will be working with outside stakeholders to set up internships in a variety of fields for our students.

**Economic Factors and Next Year's Budget and Rates**

The School District has continued to see a decrease in enrollment from 2010-11, the projected enrollment is expected to decrease slightly over the next few years. This is further supported by the decrease in live births in the District over the last five years.

On July 1, 2009 the Board set aside \$3,540,145 for increases in retirement, due to the anticipated retirement rate contribution increases from 4.78% to over 36%. As of June 30th of this year, the school board has a committed PSERS fund balance of \$3,864,973. While the District did not use any funds this year, the District will maintain this to address future mandated retirement increases.

The budget for 2022-23 is prepared during the 2021-22 fiscal year. All districts in the Commonwealth are under the rules established by Act 1 of 2006. This act, while similar to Act 72, which the School District was a part, provides for an index under which real estate tax millage can be raised, front and back-end referendums, ability to provide tax shifting if voter approved and real estate tax installment payments.

**Freedom Area School District  
Management's Discussion and Analysis  
June 30, 2022**

**Contacting the School District Financial Management**

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors, and creditors with a general overview of the School District's financial position and to show the Board's accountability for the funds the School District receives. A copy of the annual financial report, in the Pennsylvania Department of Education's format can be found on the School District website at [freedomareaschools.org](http://freedomareaschools.org). If you have questions regarding financial aspects of this report, please contact the Business Office at Freedom Area School District, 1702 School Street, Freedom, PA 15042, 724-775-7644.

**Freedom Area School District  
Statement of Net Position  
June 30, 2022**

**Exhibit 1**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 13,316,583	\$ 611,608	\$ 13,928,191
Taxes Receivable, Net	1,357,871	-	1,357,871
Due From Other Governments	1,037,977	28,863	1,066,840
Other Receivables	289,560	-	289,560
Inventories	-	31,936	31,936
Prepaid Items	347,367	400	347,767
Long-Term Prepayments (net of amortization)	23,674	-	23,674
Capital Assets not Being Depreciated			
Land	131,824	-	131,824
Capital Assets, Net of Accumulated Depreciation			
Building & Building Improvements	14,274,476	-	14,274,476
Furniture & Equipment	1,173,524	49,394	1,222,918
Intangible Right-to-Use Assets, Net of Amortization	79,217	-	79,217
<b>TOTAL ASSETS</b>	<b>32,032,073</b>	<b>722,201</b>	<b>32,754,274</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Charge on Refunding	283,541	-	283,541
Amounts Related to OPEB - District	744,948	-	744,948
Amounts Related to OPEB - PSERS	255,246	7,702	262,948
Amounts Related to Pension	4,320,902	117,615	4,438,517
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>5,604,637</b>	<b>125,317</b>	<b>5,729,954</b>
<b>LIABILITIES</b>			
Internal Balances	(81,752)	81,752	-
Accounts Payable	586,404	-	586,404
Accrued Interest	94,199	-	94,199
Accrued Salaries and Benefits	2,426,217	-	2,426,217
Payroll Deductions and Withholdings	97,706	-	97,706
Unearned Revenues	35,401	32,773	68,174
Other Current Liabilities	62,409	-	62,409
Noncurrent Liabilities:			
Due Within One Year	500,632	-	500,632
Due in More Than One Year:			
Compensated Absences	104,860	12,688	117,548
Bonds Payable	9,141,778	-	9,141,778
Lease Payable	59,882	-	59,882
Other Post-Employment Benefits - District	4,166,981	-	4,166,981
Other Post-Employment Benefits - PSERS	1,419,395	45,605	1,465,000
Net Pension Liability	24,583,184	789,816	25,373,000
<b>TOTAL LIABILITIES</b>	<b>43,197,296</b>	<b>962,634</b>	<b>44,159,930</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Amounts Related to OPEB - District	128,461	-	128,461
Amounts Related to OPEB - PSERS	139,517	4,483	144,000
Amounts Related to Pension	6,338,359	203,641	6,542,000
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>6,606,337</b>	<b>208,124</b>	<b>6,814,461</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	6,275,244	49,394	6,324,638
Unrestricted	(18,442,167)	(372,634)	(18,814,801)
<b>TOTAL NET POSITION</b>	<b>\$ (12,166,923)</b>	<b>\$ (323,240)</b>	<b>\$ (12,490,163)</b>

See Accompanying Notes

**Freedom Area School District  
Statement of Activities  
Year Ended June 30, 2022**

**Exhibit 2**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
<b>Governmental Activities:</b>							
Instruction	\$ 14,093,814	\$ -	\$ 3,815,831	\$ -	\$ (10,277,983)	\$ -	\$ (10,277,983)
Instructional Student Support	1,488,819	-	337,886	-	(1,150,933)	-	(1,150,933)
Administrative and Financial Support Services	1,932,566	-	250,156	-	(1,682,410)	-	(1,682,410)
Operation and Maintenance of Plant Services	2,212,812	-	217,390	-	(1,995,422)	-	(1,995,422)
Pupil Transportation	1,277,822	-	660,945	-	(616,877)	-	(616,877)
Student Activities	627,359	-	50,037	-	(577,322)	-	(577,322)
Community Services	2,736	-	49	-	(2,687)	-	(2,687)
Interest on Long-Term Debt	312,611	-	-	-	(312,611)	-	(312,611)
Unallocated Depreciation Expense	429,065	-	-	-	(429,065)	-	(429,065)
<b>Total Governmental Activities</b>	<b>22,377,604</b>	<b>-</b>	<b>5,332,294</b>	<b>-</b>	<b>(17,045,310)</b>	<b>-</b>	<b>(17,045,310)</b>
<b>Business-type Activities:</b>							
Food Service	802,382	55,395	1,000,035	-	-	253,048	253,048
<b>Total Primary Government</b>	<b>\$ 23,179,986</b>	<b>\$ 55,395</b>	<b>\$ 6,332,329</b>	<b>\$ -</b>	<b>(17,045,310)</b>	<b>253,048</b>	<b>(16,792,262)</b>
<b>General Revenues</b>							
<b>Taxes</b>							
Property Taxes Levied for General Purposes, Net					9,031,999	-	9,031,999
Earned Income Taxes					1,302,373	-	1,302,373
Real Estate Transfer Taxes					243,345	-	243,345
Other Taxes Levied for General Purposes, Net					23,888	-	23,888
Grants, Subsidies and Contributions not Restricted					8,749,366	-	8,749,366
Investment Earnings					24,587	470	25,057
Miscellaneous Income					127,123	-	127,123
<b>Total General Revenues</b>					<b>19,502,681</b>	<b>470</b>	<b>19,503,151</b>
<b>Change in Net Position</b>					<b>2,457,371</b>	<b>253,518</b>	<b>2,710,889</b>
<b>Net Position - July 1, 2021 (Restated - See Note 16)</b>					<b>(14,624,294)</b>	<b>(576,758)</b>	<b>(15,201,052)</b>
<b>Net Position - June 30, 2022</b>					<b>\$ (12,166,923)</b>	<b>\$ (323,240)</b>	<b>\$ (12,490,163)</b>

See Accompanying Notes

**Freedom Area School District  
Balance Sheet  
Governmental Funds  
June 30, 2022**

	General Fund	Capital Projects Fund	<b>Exhibit 3</b> Total Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 10,574,169	\$ 2,742,414	\$ 13,316,583
Taxes Receivable, Net	1,357,871	-	1,357,871
Due from Other Funds	102,352	1,901,000	2,003,352
Due from Other Governments	1,037,977	-	1,037,977
Other Receivables	9,060	280,500	289,560
Prepaid Items	347,367	-	347,367
	<hr/>	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>\$ 13,428,796</b>	<b>\$ 4,923,914</b>	<b>\$ 18,352,710</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Due to Other Funds	\$ 1,901,000	\$ -	\$ 1,901,000
Accounts Payable	607,004	-	607,004
Accrued Salaries and Benefits	2,426,217	-	2,426,217
Payroll Deductions and Withholdings	97,706	-	97,706
Unearned Revenues	9,901	-	9,901
Other Current Liabilities	62,409	-	62,409
	<hr/>	<hr/>	<hr/>
<b>Total Liabilities</b>	<b>5,104,237</b>	<b>-</b>	<b>5,104,237</b>
	<hr/>	<hr/>	<hr/>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenues - Property Taxes	915,896	-	915,896
Unavailable Revenues - Sale of Property	-	280,500	280,500
	<hr/>	<hr/>	<hr/>
<b>Total Deferred Inflows of Resources</b>	<b>915,896</b>	<b>280,500</b>	<b>1,196,396</b>
	<hr/>	<hr/>	<hr/>
<b>Fund Balances</b>			
Nonspendable	347,367	-	347,367
Committed	5,163,140	4,643,414	9,806,554
Unassigned	1,898,156	-	1,898,156
	<hr/>	<hr/>	<hr/>
<b>Total Fund Balances</b>	<b>7,408,663</b>	<b>4,643,414</b>	<b>12,052,077</b>
	<hr/>	<hr/>	<hr/>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 13,428,796</b>	<b>\$ 4,923,914</b>	<b>\$ 18,352,710</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See Accompanying Notes

**Freedom Area School District  
Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
June 30, 2022**

**Exhibit 4**

Total Fund Balances - Governmental Funds \$ 12,052,077

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of assets is \$48,648,686, and the accumulated depreciation is \$33,068,862. 15,579,824

Intangible right-to-use assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The value of these assets is \$105,622 and the accumulated amortization is \$26,405. 79,217

Property taxes receivable will be collected in the future, but are not available soon enough to pay for the current period's expenditures and, therefore, are not reported as assets in governmental funds. 915,896

Receivables related to the sale of property will be collected in the future, but are not available soon enough to pay for the current period's expenditures and, therefore, are not reported as assets in governmental funds. 255,000

Discounts on bonds issued and refunded are capitalized and amortized over the life of the bonds in the statement of net position. 113,222

Deferred charges on refunding bonds issued are amortized over the life of the bonds as deferred outflows of resources in the statement of net position. 283,541

Long-term prepaid insurance on bonds are expenditures in the funds but are recorded as assets and expensed over the policy period. 23,674

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

Bonds Payable	\$ (9,700,000)	
Accrued Interest on the Bonds	(94,199)	
Lease Payable	(80,560)	
Compensated Absences	<u>(139,814)</u>	(10,014,573)

**Freedom Area School District  
Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
June 30, 2022**

**Exhibit 4**

Some liabilities including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds.

OPEB Liability - District	(4,166,981)	
OPEB Liability - PSERS	(1,419,395)	
Net Pension Liability	(24,583,184)	(30,169,560)

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

Deferred Outflows of Resources Related to Pensions	4,320,902	
Deferred Inflows of Resources Related to Pensions	(6,338,359)	
Deferred Outflows of Resources Related to OPEB - District	744,948	
Deferred Outflows of Resources Related to OPEB - PSERS	255,246	
Deferred Inflows of Resources Related to OPEB - District	(128,461)	
Deferred Inflows of Resources Related to OPEB - PSERS	(139,517)	(1,285,241)

Total Net Position - Governmental Activities		\$ (12,166,923)
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See Accompanying Notes



**Freedom Area School District  
Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2022**

**Exhibit 5**

	General Fund	Capital Projects Fund	Total Governmental Funds
<b>Revenues</b>			
Local Sources	\$ 11,039,759	\$ 3,454	\$ 11,043,213
State Sources	13,097,038	-	13,097,038
Federal Sources	709,302	-	709,302
	<hr/>	<hr/>	<hr/>
Total Revenues	24,846,099	3,454	24,849,553
<b>Expenditures</b>			
Instruction	15,126,047	-	15,126,047
Support Services	7,309,596	-	7,309,596
Noninstructional Services	702,897	-	702,897
Capital Outlay	70,372	14,849	85,221
Debt Service (Principal & Interest)	750,781	-	750,781
Refunds of Prior Year's Receipts	10,328	-	10,328
	<hr/>	<hr/>	<hr/>
Total Expenditures	23,970,021	14,849	23,984,870
<b>Excess (Deficiency) of Revenues Over Expenditures</b>			
	<hr/>	<hr/>	<hr/>
	876,078	(11,395)	864,683
<b>Other Financing Sources (Uses)</b>			
Transfers In	-	600,000	600,000
Sale/Compensation for Fixed Assets	-	25,500	25,500
Transfers Out	(600,000)	-	(600,000)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(600,000)	625,500	25,500
<b>Net Changes in Fund Balances</b>			
	<hr/>	<hr/>	<hr/>
	276,078	614,105	890,183
<b>Fund Balances - July 1, 2021</b>			
	<hr/>	<hr/>	<hr/>
	7,132,585	4,029,309	11,161,894
<b>Fund Balances - June 30, 2022</b>			
	<hr/>	<hr/>	<hr/>
	\$ 7,408,663	\$ 4,643,414	\$ 12,052,077

See Accompanying Notes

**Freedom Area School District  
Reconciliation of the Governmental Funds  
Statement of Revenues, Expenditures  
and Changes in Fund Balances  
to the Statement of Activities  
Year Ended June 30, 2022**

**Exhibit 6**

Total Net Change in Fund Balances - Governmental Funds \$ 890,183

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

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

Depreciation Expense	\$ (1,094,554)	
Capital Outlays	76,082	
Intangible Right-to-Use Asset Amortization	(21,124)	(1,039,596)

Payments for the intangible right-to-use assets are reported as principal and interest in governmental funds, but in the statement of activities, the asset is amortized and the repayment reduces the long-term liabilities in the statement of net position. 20,118

Because some property taxes and other revenues will not be collected within the current financial resources measurement focus period, they are not considered as "available" revenues in the governmental funds. Unavailable revenues decreased by this amount this year. (40,078)

Repayment of bond payable principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 435,000

In the statement of activities, certain operating expenses-compensated absences (sick pay and vacations) and other post-employment benefits (OPEB) are measured by the amounts earned during the year. In governmental funds, however, expenditures for the items are measured by the amount of financial resources used (essentially, the amounts actually paid).

Compensated Absences	(6,293)	
Other Post-Employment Benefits - PSERS	3,654	
Other Post-Employment Benefits - District	71,706	69,067

**Freedom Area School District  
Reconciliation of the Governmental Funds  
Statement of Revenues, Expenditures  
and Changes in Fund Balances  
to the Statement of Activities  
Year Ended June 30, 2022**

**Exhibit 6**

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, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Net Change in Accrued Interest on Bonds		6,601
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Bond discount, premium and deferred charges on bonds are reported in the statement of revenues and expenditures of governmental funds as expenditures but are capitalized and amortized over the life of the bonds in the statement of activities.

Amortization of Discount, Premium and Deferred Loss on Refunding		(23,549)
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Governmental funds report School District pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned is reported as pension expense

District Pension Contributions to PSERS	3,090,033		
Cost of Benefits Earned	<u>(950,408)</u>	<u>2,139,625</u>	

Change in Net Position of Governmental Activities		<u>\$ 2,457,371</u>
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See Accompanying Notes

**Freedom Area School District  
Statement of Net Position  
Proprietary Funds  
June 30, 2022**

**Exhibit 7**

	Food Service Fund
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ 611,608
Due From Other Governments	28,863
Inventories	31,936
Prepaid Items	<u>400</u>
Total Current Assets	<u>672,807</u>
Noncurrent Assets	
Furniture and Equipment, Net	<u>49,394</u>
<b>TOTAL ASSETS</b>	<u><b>722,201</b></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Amounts Related to Pensions	117,615
Amounts Related to OPEB - PSERS	<u>7,702</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u><b>125,317</b></u>
<b>LIABILITIES</b>	
Current Liabilities	
Due to Other Funds	81,752
Unearned Revenues	<u>32,773</u>
Total Current Liabilities	<u>114,525</u>
Noncurrent Liabilities	
Long-Term Portion of Compensated Absences	12,688
Net OPEB Liability - PSERS	45,605
Net Pension Liability	<u>789,816</u>
Total Noncurrent Liabilities	<u>848,109</u>
<b>TOTAL LIABILITIES</b>	<u><b>962,634</b></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Amounts Related to Pensions	203,641
Amounts Related to OPEB - PSERS	<u>4,483</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u><b>208,124</b></u>
<b>NET POSITION</b>	
Invested in Capital Assets	49,394
Unrestricted	<u>(372,634)</u>
<b>TOTAL NET POSITION</b>	<u><u><b>\$ (323,240)</b></u></u>

See Accompanying Notes

**Freedom Area School District**  
**Statement of Revenues, Expenditures and Changes**  
**in Net Position**  
**Proprietary Funds**  
**Year Ended June 30, 2022**

**Exhibit 8**

	Food Service Fund
Operating Revenues	
Charges for Services	<u>\$ 55,395</u>
Operating Expenses	
Salaries	267,532
Employee Benefits	166,734
Purchased Prof. and Tech. Services	480
Purchased Property Services	15,470
Other Purchased Services	460
Supplies	383,367
Depreciation	19,313
Dues and Fees	<u>715</u>
Total Operating Expenses	<u>854,071</u>
Operating Income (Loss)	<u>(798,676)</u>
Nonoperating Revenues (Expenses)	
Earnings on Investments	470
State Sources	82,948
Federal Sources	917,087
Change in Pension/OPEB	<u>51,689</u>
Total Nonoperating Revenues (Expenses)	<u>1,052,194</u>
Change in Net Position	253,518
Net Position - July 1, 2021	<u>(576,758)</u>
Net Position - June 30, 2022	<u><u>\$ (323,240)</u></u>

See Accompanying Notes

**Freedom Area School District  
Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2022**

**Exhibit 9**

	Food Service Fund
Cash Flows From Operating Activities	
Cash Received from Users	\$ 40,155
Cash Payments to Employees for Services	(438,241)
Cash Payments to Suppliers for Goods and Services	(323,066)
Cash Payments for Other Operating Expenses	<u>(715)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(721,867)</u>
Cash Flows From Non-Capital Financing Activities	
State Sources	87,682
Federal Sources	<u>965,212</u>
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>1,052,894</u>
Cash Flows From Investing Activities	
Earnings on Investments	470
Loans Received (Paid)	<u>(61,189)</u>
Net Cash Provided by (Used for) Investing Activities	<u>(60,719)</u>
Net Increase (Decrease) in Cash and Cash Flows	270,308
Cash and Cash Equivalents - July 1, 2021	<u>341,300</u>
Cash and Cash Equivalents - June 30, 2022	<u><u>\$ 611,608</u></u>

**Freedom Area School District  
Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2022**

**Exhibit 9**

		Food Service Fund
Operating Income (Loss)	\$	(798,676)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities		
Depreciation and Net Amortization		19,313
Donated Commodities		73,422
(Increase) Decrease in Accounts Receivable		(6)
(Increase) Decrease in Inventories		14,751
Increase (Decrease) in Accounts Payable		(11,462)
Increase (Decrease) in Accrued Salaries Benefits		(3,975)
Increase (Decrease) in Deferred Revenue		(787)
Increase (Decrease) in Other Current Liabilities		<u>(14,447)</u>
Total Adjustments		<u>76,809</u>
Cash Provided by (Used for) Operating Activities	<u>\$</u>	<u>(721,867)</u>

Noncash Non-Capital Financing Activities

During the year ended June 30, 2022, the School District received \$60,631 of U.S.D.A Donated Commodities in the food service fund.

See Accompanying Notes

**Freedom Area School District  
Statement of Net Position  
Fiduciary Funds  
June 30, 2022**

**Exhibit 10**

	Private Purpose Trust	Custodial Fund
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 200,960	\$ 74,310
<b>LIABILITIES</b>		
Due to Other Funds	20,600	-
<b>NET POSITION</b>		
Restricted for:		
Scholarships	180,360	-
Student Groups	-	74,310
<b>TOTAL NET POSITION</b>	<b>\$ 180,360</b>	<b>\$ 74,310</b>

See Accompanying Notes



**Freedom Area School District  
Statement of Changes in Net Position  
Fiduciary Funds  
Year Ended June 30, 2022**

**Exhibit 11**

	Private Purpose Trust Fund	Custodial Fund
<b>Additions</b>		
Interest	\$ 3,609	\$ 67
Revenue from Student Activities	<u>-</u>	<u>115,117</u>
Total Additions	<u>3,609</u>	<u>115,184</u>
<b>Deductions</b>		
Scholarships Awarded	10,000	-
Student Activities Program Expenses	<u>-</u>	<u>95,936</u>
Total Deductions	<u>10,000</u>	<u>95,936</u>
Change in Net Position	(6,391)	19,248
Net Position - July 1, 2021	<u>186,751</u>	<u>55,062</u>
Net Position - June 30, 2022	<u><u>\$ 180,360</u></u>	<u><u>\$ 74,310</u></u>

See Accompanying Notes

**Freedom Area School District**  
**Notes to Financial Statements**  
**June 30, 2022**

**Note 1 - Summary of Significant Accounting Policies**

Freedom Area School District, located in Beaver County, Pennsylvania, provides public education, kindergarten through twelfth grade, to the residents of the Boroughs of Freedom and Conway and the Township of New Sewickley. The School District operates under an elected Board of Directors.

**A. Basic Financial Statements - Government-Wide Statements**

The School District's basic financial statements include both government-wide (reporting the School District as a whole) and fund financial statements (reporting the School District's major funds). The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of Freedom Area School District. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. In the government-wide statement of net position, governmental activities are represented on a consolidated basis by column.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payment-in-lieu of taxes and other charges between various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**B. Basic Financial Statements - Fund Financial Statements**

Fund financial statements of the School District are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues and expenditures. Funds are organized into three categories: governmental; proprietary; and fiduciary.

The emphasis in fund financial statements is on the major funds in the governmental category. Nonmajor funds are summarized in a single column. The nonmajor funds are combined in a column in the fund financial statements.

**1. Governmental Funds**

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and change in financial position (sources, uses, and balances of financial resources) rather than upon net income. The School District reports the following major governmental funds and fund types:

**Freedom Area School District**  
**Notes to Financial Statements**  
**June 30, 2022**

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *capital projects fund* accounts for financial resources accumulated and payments made for the acquisition and improvement of sites, construction and remodeling of facilities, and procurement necessary for providing educational programs for all students within the School District.

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

2. Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The School District reports the following proprietary fund type:

Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of the net revenues. The activities reported in these funds are reported as business-type activities in the government-wide financial statements. The *food service fund* accounts for the revenues, food purchases and other costs and expenses for providing meals to students and/or faculty during the school year.

3. Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or custodial capacity for others and are therefore not available to support School District programs. The reporting focus is on net position and changes in net position. The School District's fiduciary funds are presented in the fiduciary fund financial statements by type (pension trust funds, investment trust funds, private purpose trust funds, or custodial trust funds). The School District reports the following fiduciary fund types:

The *private purpose trust fund* is used to account for resources of monies contributed to the School District for scholarships.

The *custodial fund* represents the School District's student activity funds. These funds account for student activities in the high school and middle school.

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

**Freedom Area School District**  
**Notes to Financial Statements**  
**June 30, 2022**

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

C. Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

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

Property taxes, intergovernmental revenues, interest, rent and certain miscellaneous income associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary fund and the custodial fund are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

**Freedom Area School District**  
**Notes to Financial Statements**  
**June 30, 2022**

D. Joint Ventures

The School District is one of fourteen member school districts of the Beaver County Career & Technology Center (CTC). CTC provides vocational-technical training and education to participating students of the member districts. CTC is controlled and governed by the Joint Board, which is composed of all the school board members of all the member districts. Direct oversight of CTC's operations is the responsibility of the Joint Committee, which consists of one representative from each participating school district. No member of the Jointure exercises specific control over the fiscal policies or operations of CTC. The School District's share of annual operating and capital costs for CTC fluctuates, based on the percentage of enrollment of each member district in the school. The School District's financial obligation to CTC for the year ended June 30, 2022 was \$369,303, which has been reported in the School District's general fund.

The School District has no equity interest in CTC as of June 30, 2022. Complete financial statements for CTC can be obtained from the administrative offices at 145 Poplar Drive, Monaca, Pennsylvania 15061.

The School District is also one of fourteen member school districts of the Beaver Valley Joint School Committee (Beaver Valley). Beaver Valley provides alternative education services to participating students of the member districts. Beaver Valley is controlled and governed by the Joint Board, which is composed of all the school board members of all the member districts. Direct oversight of Beaver Valley's operations is the responsibility of the Joint Committee, which consists of one representative from each participating school district. No member of the Jointure exercises specific control over the fiscal policies or operations of Beaver Valley. The School District's share of annual operating and capital costs for Beaver Valley fluctuates, based on the percentage of enrollment of each member district in the school. The School District has no equity interest in Beaver Valley as of June 30, 2022. Complete financial statements for Beaver Valley can be obtained from the administrative offices at 147 Poplar Drive, Monaca, PA 15061.

E. Cash and Cash Equivalents

The School District's policy is to maintain cash balances in interest-bearing accounts such as money market or flex funds. The market values of the funds approximate cost. For purposes of the statement of cash flows, the proprietary fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

F. Investments

Investments are stated at fair value except that treasury and agency obligations that have a remaining maturity at the time of purchase of one year or less are shown at amortized cost. Fair value is based on quoted market prices. Funds are invested pursuant to the Public School Code of 1949 and investment policy guidelines established by the School District and approved by the Members of the Board. The School Code states that authorized types of investments shall be: United States Treasury Bills; short-term obligations of the United States Government or its agencies or instrumentalities; deposits in savings accounts, time deposits or share accounts of institutions insured by the FDIC; obligations of the United States or any of its agencies or instrumentalities backed by the full faith and credit of the United States and the Commonwealth of Pennsylvania.

**Freedom Area School District**  
**Notes to Financial Statements**  
**June 30, 2022**

G. Budgets

The School Board approves, prior to the beginning of each year, an annual budget on the modified accrual basis of accounting for the general fund. This is the only fund for which a budget is required and for which taxes may be levied. The general fund is the only fund that has an annual budget that has been legally adopted by the School Board. The Public School Code allows the School Board to authorize budget transfer amendments during the year, but only during the last nine months of the fiscal year. There were supplemental budgetary appropriations made during the year ended June 30, 2022 in the amount of \$1,106,811.

The final budget data reflected in the financial statements includes the effect of approved budget transfer amendments and, for comparative purposes, the actual amounts have also been presented. The School District expenditures may not legally exceed the revised budget amounts by function. Function is defined as a program area such as instructional services. Management may amend the budget without seeking prior approval of the Board within a function. Amendments between functions require prior Board approval. Excess of expenditures over appropriations in the general fund is presented in the required supplementary information section.

H. Receivables and Payables

Activity 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”.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

I. Inventories

On government-wide financial statements, inventories are stated at cost.

Inventories in governmental funds are stated at cost by the first-in, first-out method. The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, an estimated value of inventories is reported as an asset in the general fund if considered material. There was no material inventory balance as of June 30, 2022 in the governmental funds.

The inventory of the food service fund consists of food supplies and government donated commodities which were valued at estimated fair market value, and purchased commodities and supplies, both valued at cost using the first-in, first-out (FIFO) method.

J. Prepaid Items

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.

**Freedom Area School District  
Notes to Financial Statements  
June 30, 2022**

**K. Capital Assets**

Capital assets, which include property, plant, equipment and land improvements are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Management has elected to include certain homogeneous asset categories with individual assets less than \$5,000 as composite groups for financial reporting purposes. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

All reported capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Building Improvements	20
Furniture	10
Vehicles	5
Equipment	15
Technology Group	3

Proprietary fund equipment purchases are capitalized in the proprietary fund at cost and depreciated on a straight-line basis over 5-12 years.

**L. Intangible Right-to-Use Assets**

The School District has recorded intangible right-to-use assets as a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 87. The right-to-use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payment made prior to the lease term, less any lease incentives, and plus any ancillary charges necessary to place the lease into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease.

**M. 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 discount are reported as deferred charges and amortized over the term of the related debt.

**Freedom Area School District**  
**Notes to Financial Statements**  
**June 30, 2022**

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

N. Compensated Absences

The School District's policies regarding vacation and sick time under various contracts, provide for employees to accumulate sick and/or vacation days which they are paid for upon retirement or termination of service. The amount the employee is compensated and the number of days varies based on their contract and their years of service. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

O. Defining Operating Revenues and Expenses

The School District's proprietary funds distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses of the School District's food service fund consist of charges for meals and the costs of providing those services, including depreciation and excluding interest cost. All other revenues and expenses are reported as nonoperating.

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District has four items that qualify for reporting in this category. One is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. In addition, in the government-wide statement of net position, the School District reports deferred outflows of resources as they relate to the cost-sharing defined benefit plan and other post-employment benefits. The School District reports no deferred outflows of resources in the fund financial statements.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The School District has only one type of item, which arises only under the modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. The School District has two items reported in the government-wide statement of net position relating to the cost sharing defined benefit pension plan and other post-employment benefits. These amounts are deferred and recognized as inflows of resources in the period that the amount becomes available.



**Freedom Area School District**  
**Notes to Financial Statements**  
**June 30, 2022**

Q. Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - all other net position that does not meet the definition of "restricted" or "net investment in capital assets".

Fund Statements - Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, fund balance reporting and governmental fund type definitions, the School District classifies governmental fund balances as follows:

Nonspendable - amounts that cannot be spent because they are either (1) not in a spendable form or (2) legally or contractually required to remain intact.

Restricted - the part of fund balance that is restricted to be spent for a specific purpose. The constraints on these amounts must be externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or by enabling legislation. Enabling legislation authorizes the government to assess, levy, change or mandate payments and includes a legally enforceable requirement on the use of these funds.

Committed - the portion of fund balance that can only be used for specific purposes as a result of formal action, approval of a motion by the majority of the School Board. Once the item is committed, it cannot be used for any other purpose unless changed by the same procedures used to initially commit the money.

Assigned - reflects the School District's intent to use the money for a specific purpose but is not considered restricted or committed. The assignment of fund balance can be assigned by management in the business office.

Unassigned - represents the part of spendable fund balance that has not been categorized as restricted, committed or assigned. The general fund is the only fund permitted to have a positive unassigned fund balance.

The School District's policy is that it considers restricted amounts to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. It also considers committed amounts to be spent first when an expenditure is incurred for purposes for which both committed and unassigned fund balance could be used.

**Freedom Area School District  
Notes to Financial Statements  
June 30, 2022**

**Note 2 - Fund Balance Classifications**

The purposes of restricted, committed and nonspendable fund balance as of June 30, 2022, are as follows:

1. The committed fund balance of \$4,643,414 is committed for future capital improvements.
2. The nonspendable and committed fund balances in the general fund of \$347,367 and \$5,163,140, respectively are:

	Nonspendable	Committed
a. Prepaid Items	\$ 347,367	\$ -
b. Retirement Expenditures	-	3,864,973
c. 1-to-1 Computer Program	-	357,607
d. Curriculum/Professional Development	-	150,000
e. Physical Plant Project	-	400,000
f. Band Uniform Replacements	-	145,560
g. Vehicles	-	145,000
h. Athletic Facility Upgrades	-	100,000
	<u>\$ 347,367</u>	<u>\$ 5,163,140</u>

**Note 3 - Deposits and Investments**

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

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in an event of a bank failure, the government's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. Deposits in excess of amounts covered by the Federal Deposit Insurance Corporation are collateralized in accordance with Act 72 of 1971 of the Pennsylvania State Legislature which requires the institution to pool collateral for all governments and have the collateral held by an approved custodian in the institution's name. As of June 30, 2022, \$9,738,951 of the School District's bank balance of \$10,021,316 was exposed to custodial credit risk as follows:

Uninsured and Collateral Held by Pledging Bank's Agent not in the School District's Name	<u>\$9,738,951</u>
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As of June 30, 2022, the School District had the following investments:

Investments	Fair Value
PSDLAF	\$ 3,050,019
PA Invest	<u>1,250,075</u>
	<u>\$ 4,300,094</u>

**Freedom Area School District**  
**Notes to Financial Statements**  
**June 30, 2022**

Interest Rate Risk – The School 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 Risks - The Pennsylvania Public School Code authorizes the types of investments allowed. These are described in Note 1F. The School District has no investment policy that would further limit its investment choices. The School District's investments in Pennsylvania School District Liquid Asset Fund (PSDLAF) and PA Invest funds were rated AAAM by Standard & Poor's.

Concentration of Credit Risks - The School District places no limit on the amount it may invest in any one issue.

#### Investments

The Pennsylvania School District Liquid Asset Fund (PSDLAF) and PA Invest were established as common law trusts, organized under laws of the Commonwealth of Pennsylvania. Shares of the funds are offered to certain Pennsylvania school districts, intermediate units, area vocational-technical schools and municipalities. The purpose of the funds is to enable such governmental units to pool their available funds for investments authorized by Section 440.1 of the Pennsylvania Public School Code of 1949, as amended.

PSDLAF is governed by an elected board of trustees who are responsible for the overall management of the fund. The trustees are elected from the several classes of local governments participating in the fund. The fund is audited annually by independent auditors. PSDLAF and PA Invest are local government investment pools and are exempt from the requirement of SEC's Rule 2(a)7 of the Investment Company Act of 1940. The funds measure, for financial reporting purposes, their assets at amortized cost and maintain a stable net asset value of \$1 per share. Accordingly, the fair value of the position in PSDLAF and PA Invest is the same as the value of PSDLAF and PA Invest shares. There are no limitations or restrictions on withdrawals.

#### Fair Value of Investments

The School 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 School District had no investments that required disclosure as of June 30, 2022 under this hierarchy.

**Freedom Area School District  
Notes to Financial Statements  
June 30, 2022**

**Note 4 - Real Estate Taxes**

The municipal tax collectors bill and collect real estate taxes on behalf of the School District based upon assessed values provided by the County. The School District's tax rate for all purposes in 2021/2022 was 69.40 mills (\$69.40 per \$1,000 assessed valuation). The tax calendar for real estate taxes levied for 2021/2022 is as follows:

Tax Levy Date	July 1, 2021
2% Discount Period	Through August 31, 2021
Face Payment Period	September 1 – October 31, 2021
10% Penalty Period	November 1 Until December 31, 2021
Lien Filing Date	January 15, 2022

The amounts shown as delinquent real estate taxes receivable have not been recorded as revenue on the fund statements. These taxes are, however, recorded as deferred revenue on the balance sheet until they are received. The amounts reported for this receivable are reported on the balance sheet in the amount of \$915,896 along with other taxes receivable of \$441,975.

**Note 5 - Due from Other Governments**

Amounts due from other governments represent receivables for revenues earned by the School District. At June 30, 2022, the following amounts are due from other governmental units:

	Governmental Funds	Business-Type Activities	Totals
Federal (through the state)	\$ 163,245	\$ -	\$ 163,245
State	874,732	-	874,732
Local	<u>-</u>	<u>28,863</u>	<u>28,863</u>
	<u>\$ 1,037,977</u>	<u>\$ 28,863</u>	<u>\$ 1,066,840</u>

**Note 6 - Capital Assets**

Capital asset activity for the year ended June 30, 2022, was as follows:

	Balance 07/01/21	Additions	Transfers	Balance 06/30/22
Governmental Activities				
Capital Assets not Being Depreciated				
Land	<u>\$ 131,824</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 131,824</u>

**Freedom Area School District**  
**Notes to Financial Statements**  
**June 30, 2022**

	Balance 07/01/21	Additions	Transfers	Balance 06/30/22
Capital Assets Being Depreciated				
Buildings and Building Improv.	43,114,388	-	-	43,114,388
Furniture and Equipment	<u>5,326,392</u>	<u>76,082</u>	<u>-</u>	<u>5,402,474</u>
Total Capital Assets Being Depreciated	<u>48,440,780</u>	<u>76,082</u>	<u>-</u>	<u>48,516,862</u>
Less Accumulated Depreciation				
Buildings and Building Improv.	27,805,906	1,034,006	-	28,839,912
Furniture and Equipment	<u>4,168,402</u>	<u>60,548</u>	<u>-</u>	<u>4,228,950</u>
Total Accumulated Depreciation	<u>31,974,308</u>	<u>1,094,554</u>	<u>-</u>	<u>33,068,862</u>
Total Capital Assets Being Depreciated, Net	<u>16,466,472</u>	<u>(1,018,472)</u>	<u>-</u>	<u>15,448,000</u>
Governmental Activities Capital Assets, Net	<u>\$ 16,598,296</u>	<u>\$ (1,018,472)</u>	<u>\$ -</u>	<u>\$ 15,579,824</u>
Governmental Activities				
Intangible Right-to-Use Assets				
Leased Equipment	\$ 105,622	\$ -	\$ -	\$ 105,622
Less Accumulated Amortization	<u>5,281</u>	<u>21,124</u>	<u>-</u>	<u>26,405</u>
Net Intangible Right-to-Use Assets	<u>\$ 100,341</u>	<u>\$ (21,124)</u>	<u>\$ -</u>	<u>\$ 79,217</u>
Business-Type Activities				
Furniture and Equipment	\$ 392,945	\$ -	\$ -	\$ 392,945
Less Accumulated Depreciation and Equipment	<u>324,238</u>	<u>19,313</u>	<u>-</u>	<u>343,551</u>
Business-Type Activities Capital Assets, Net	<u>\$ 68,707</u>	<u>\$ (19,313)</u>	<u>\$ -</u>	<u>\$ 49,394</u>

**Freedom Area School District  
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Depreciation expense was charged to functions/programs as follows:

Governmental Activities

Instruction	\$ 498,022
Instructional Student Support	53,633
Administration and Financial Support Services	52,539
Operation and Maintenance of Plant Services	59,106
Student Activities	2,189
Unallocated Depreciation Expense	<u>429,065</u>

Total Depreciation Expense	<u>\$ 1,094,554</u>
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Intangible Right-to-Use Assets

Instructional Student Support	<u>\$ 21,124</u>
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Business-Type Activities - Food Service	<u>\$ 19,313</u>
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**Note 7 - Interfund Balances/Transfers**

At June 30, 2022, interfund balances were:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 102,352	\$ 1,901,000
Capital Projects Fund	1,901,000	-
Proprietary Fund		
Food Service	-	81,752
Fiduciary Fund		
Private Purpose Trust	<u>-</u>	<u>20,600</u>
	<u>\$2,003,352</u>	<u>\$2,003,352</u>

Balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All the balances above are expected to be collected in the subsequent year.

The general fund transferred \$600,000 to the capital projects fund for current and future capital projects.

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**Note 8 - Long-Term Liabilities**

Long-term liability for the year ended June 30, 2022 was as follows:

	Balance 07/01/21	Additions	Reductions	Balance 06/30/22	Due Within One Year
Governmental Activities					
Bonds Payable					
General Obligation Bonds	\$ 10,135,000	\$ -	\$ 435,000	\$ 9,700,000	\$ 445,000
Less: Bond Discount	<u>(119,431)</u>	<u>-</u>	<u>(6,209)</u>	<u>(113,222)</u>	<u>-</u>
Total Bonds Payable	<u>10,015,569</u>	<u>-</u>	<u>428,791</u>	<u>9,586,778</u>	<u>445,000</u>
Compensated Absences	<u>133,521</u>	<u>6,293</u>	<u>-</u>	<u>139,814</u>	<u>34,954</u>
Governmental Activities					
Long-Term Liabilities	<u>\$ 10,149,090</u>	<u>\$ 6,293</u>	<u>\$ 428,791</u>	<u>\$ 9,726,592</u>	<u>\$ 479,954</u>
Lease Liabilities	<u>\$ 100,678</u>	<u>\$ -</u>	<u>\$ 20,118</u>	<u>\$ 80,560</u>	<u>\$ 20,678</u>
Total long term obligations as reported in the statement of net position				<u>\$ 9,807,152</u>	<u>\$ 500,632</u>
Business-Type Activities					
Compensated Absences	<u>\$ 16,663</u>	<u>\$ -</u>	<u>\$ 3,975</u>	<u>\$ 12,688</u>	<u>\$ -</u>

**General Obligation Bonds**

2017 General Obligation Bonds in the amount of \$10,000,000, due in annual installments of \$40,000 to \$695,000, beginning March 1, 2018 through March 1, 2040; interest from 1.0% to 3.375%

\$ 9,700,000

The debt service source for the above is the general fund.

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The annual requirements of School District funds to amortize all debt outstanding (excluding compensated absences) as of June 30, 2022, including interest, are as follows:

Year Ended June 30,	General Obligation Bonds		Totals
	Principal (On Issuance Amount)	Interest	
2023	\$ 445,000	\$ 282,596	\$ 727,596
2024	455,000	273,698	728,698
2025	465,000	264,598	729,598
2026	470,000	255,298	725,298
2027	485,000	245,310	730,310
2028-2032	2,645,000	995,840	3,640,840
2033-2037	3,065,000	568,210	3,633,210
2038-2040	1,670,000	100,406	1,770,406
	<u>\$ 9,700,000</u>	<u>\$ 2,985,956</u>	<u>\$ 12,685,956</u>

**Note 9 – Lease Liabilities**

On March 1, 2021, the School District entered into an agreement to lease copiers. The term of the lease is for five years requiring monthly payments of \$1,886. The lease agreement qualifies as other than short-term lease under GASB 87 and, therefore, has been recorded at present value of the future minimum lease payments as of the date of its inception. For purposes of discounting future payments, the School District determined an interest rate of 2.9% to be an appropriate discount rate.

As of June 30, 2022, the value of the lease liability recorded for the above lease was \$80,560. As a result, the School District has recorded an Intangible Right-to-Use asset with a net book value of \$79,217 as of June 30, 2022. Future minimum lease payments under this lease is as follows:

Year Ended June 30,	Lease Payables		Totals
	Principal	Interest	
2023	\$ 20,678	\$ 1,956	\$ 22,634
2024	21,254	1,380	22,634
2025	21,846	788	22,634
2026	16,782	193	16,975
	<u>\$ 80,560</u>	<u>\$ 4,317</u>	<u>\$ 84,877</u>



**Freedom Area School District**  
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**Note 10 - Public School Employees' Retirement System (PSERS)**

A. 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.

B. General Information about the Pension Plan

1. Plan Description

PSERS is a governmental cost-sharing multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. 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](http://www.psers.pa.gov).

2. Benefits Provided

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

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.

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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.

3. 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	7.50%
T-F	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	10.30%
T-G	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	8.25%
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	7.50%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

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 District's contractually required contribution rate for fiscal year ended June 30, 2022 was 34.14% 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 School District were \$3,168,102 for the year ended June 30, 2022.

**Freedom Area School District**  
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C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the School District reported a liability of \$25,373,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2020 to June 30, 2021. The School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions.

At June 30, 2022, the School District's proportion was 0.0618%, which was a decrease of 0.0038% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the School District recognized pension expense of \$976,596. At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 19,000	\$ 333,000
Net difference between projected and actual investment earnings	-	4,039,000
Change in assumptions	1,231,000	-
Changes in proportions	-	2,170,000
Difference between employer contributions and proportionate share of total contributions	20,415	-
Contributions subsequent to the measurement date	<u>3,168,102</u>	<u>-</u>
	<u>\$ 4,438,517</u>	<u>\$ 6,542,000</u>

\$3,168,102 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2023	\$ (1,746,115)
2024	(1,279,370)
2025	(943,943)
2026	<u>(1,302,157)</u>
	<u>\$ (5,271,585)</u>

**Freedom Area School District**  
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1. Changes in Actuarial Assumptions

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

- Valuation Date – June 30, 2020
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 7.00%, includes inflation at 2.50%.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the Total Pension Liability decreased from 7.25% as of June 30, 2020 to 7.00% as of June 30, 2021.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
  - Salary growth rate – decreased from 5.00% to 4.50%.
  - Real wage growth and merit or seniority increases (components for salary growth) – decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
  - Mortality rates – Previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

The actuarial assumptions used in the June 30, 2021 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 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 of the benefits provided through the pension.

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	27.0%	5.2%
Private Equity	12.0%	7.3%
Fixed Income	35.0%	1.8%
Commodities	10.0%	2.0%
Absolute return	8.0%	3.1%
Infrastructure/MLPs	8.0%	5.1%
Real estate	10.0%	4.7%
Cash	3.0%	0.1%
Leverage	<u>-13.0%</u>	0.1%
	<u>100%</u>	

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

2. 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.

3. Sensitivity of School 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:

	(In Thousands)		
	1.00% Decrease 6.00%	Current Discount Rate 7.00%	1.00% Increase 8.00%
School District's proportionate share of the net pension liability	\$ 33,303	\$ 25,373	\$ 18,684

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

**Freedom Area School District**  
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**Note 11 - Contingent Liabilities**

Freedom Area School District participates in a number of federally assisted grant programs, principal of which are Education Stabilization Fund and the National School Lunch Program. The programs are subject to program compliance audits by the grantors or their representatives. The audits of some of these programs for and including the year ended June 30, 2022 have not yet been conducted. Accordingly, the School District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the School District expects such amounts, if any, to be immaterial.

**Note 12 - On-Behalf Payments**

The amounts recognized for revenues and expenditures for on-behalf payments relating to fringe benefits for the year ended June 30, 2022 were \$2,299,776.

This includes \$1,898,162 recognized for revenues and expenditures relating to pension contributions for its employees that the Commonwealth of Pennsylvania paid to the Public School Employees' Retirement System (PSERS) for pension and \$401,614 to the federal government for social security and Medicare taxes for the year ended June 30, 2022. The School District pays these on-behalf payments directly to PSERS and the government and is reimbursed by the Commonwealth for their appropriate share.

**Note 13 - Risk Management**

The School District is a member district to the Beaver County School Health Care Insurance Consortium (the Consortium) which was formed on July 1, 2003. The Consortium is a cooperative joint venture to provide hospitalization, medical and surgical services, professional services and drug benefits to its member districts on a pooled risk basis. The School District pays an annual premium to the Consortium for its health and medical insurance coverage and this rate is adjusted annually based on amounts required to fund anticipated benefits and claims as well as other administrative costs. The formation agreement of the Consortium provides that the Consortium will be self-sustaining through annually determined member premiums and will reinsure through commercial companies for excess claims of amounts as defined in the insurance contract. Per most recent information available, contributions to the Consortium totaled \$2,398,615 for the year ended June 30, 2022.

The agreement permits participating districts to withdraw from the Consortium. If the School District would withdraw, the Articles of Agreement state that the School District would be entitled to their respective share of the Consortium's net position. This is calculated by multiplying net position by the fraction of dividing the withdrawing member's total contributions over the last three years by the total of all member district contribution over the same time period. The distribution would be required to be paid within one year of the date of withdrawal. At June 30, 2022 the net position of the Consortium was (\$344,298), of which (\$23,757) is attributable to the School District.

The School District participates in an insurance program offered by a commercial insurance company. It purchases commercial insurance policies for risks of losses for casualty, workmen's compensation and liability claims.

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties.

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Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.

**Note 14 - Other Post-Employment Benefit Plan**

A. Plan Description

Freedom Area School District administers a single-employer defined benefit healthcare plan (“The Supplemental Health Plan”). The plan provides medical, and in some cases dental and vision, for three groups of employees: teachers; administrators; and support staff. The benefits provided are for the eligible retirees and their spouses through the School District group health insurance plan which covers both active and retired members.

Benefit provisions are mostly established through negotiations between the School District and union or group representing the employees. The plan does not issue a publicly available financial report.

Medical Benefits

In accordance with Pennsylvania law, the School District is required to allow all employees to retire at any time and elect to remain in the School District plan provided they pay 102% of the premium rate. Medical, dental and vision coverages are all available up to the age of 65 only.

Teachers

A retirement incentive for teachers became effective September 1, 2015. Through this incentive, an eligible teacher can continue coverage in the medical plan as follows: Teachers with either single or husband/wife coverage will be able to “spend down” an account that is established at retirement in the amount of \$30,000.

A retiree has two options regarding their \$30,000 account: they can either choose to have the School District pay the full premium or they can choose to have \$500 per month deducted from their account and the retiree contributes the difference between the \$500 and the current premium. In either case, the applicable amount is deducted from the retirees’ account until the \$30,000 has been exhausted.

For retirees with dependent children, the benefit is the same as above except that the retiree must contribute the difference; between parent/child(ren) coverage if the retiree is single; and the difference between family coverage and husband/wife coverage if the tier is family.

There was an incentive in place prior to September 1, 2015. Under this incentive, benefits were the same as the current incentive except that the initial amounts were \$30,000 for single coverage and \$45,000 for husband/wife coverage.

Teachers must attain at least age 50 in order to be eligible for post-retirement medical benefits. Teachers are provided with post-retirement medical benefits for a maximum of five years. Retiree coverage ends at age 65, death or qualification for Medicare, whichever occurs first. Spousal coverage ends at age 65, death, coverage for Medicare or retiree’s age 65, if earlier.

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Administrators

Under the current administrator contract, which expires in 2022, administrators who were hired prior to July 1, 2007 have the same benefits as under the teachers' contract that was in effect prior to September 1, 2015. Administrators who were hired on or after July 1, 2007 have the same benefits as under the current teachers' contract.

Administrators who were hired prior to July 1, 2007 must attain at least age 50 in order to be eligible for post-retirement medical benefits. Administrators who were hired on or after July 1, 2007 must attain at least age 60 and attain PSERS superannuation in order to be eligible for post-retirement medical benefits.

Administrators who were hired before July 1, 2007 are provided with post-retirement medical benefits for a maximum of five years. Retiree coverage ends at age 65, death or qualification for Medicare, whichever occurs first. Spousal coverage ends at age 65, death, coverage for Medicare or retiree's age 65, if earlier.

Administrators who were hired on or after July 1, 2007 are provided with one year of post-retirement medical coverage for each five years of service. Retiree coverage ends at age 65, death, or qualification for Medicare, whichever occurs first. Spousal coverage ends at age 65, death, coverage for Medicare or retiree's age 65, if earlier.

Support Staff

Benefits for support staff mirror those of the teachers. The only difference is that the retiree must have also had 15 years of service with the School District and has to have been enrolled in the medical plan for 10 years prior to retirement.

Special Contracts

The superintendent and the business manager have individual contracts. Details relating to their post-retirement medical benefits can be found in the contracts.

Dental/Vision

Retirees are also eligible for dental and/or vision benefits.

Retirees must pay the entire cost of dental and/or vision benefits. Since retirees are required to pay for the cost of these benefits, the School District has no long-term liability for providing this benefit.

Life Insurance

Retirees are also eligible for life insurance benefits. Since retirees are required to pay for the cost of these benefits, the School District has no long-term liability for providing this benefit.



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Employees Covered by Benefit Terms

At July 1, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	15
Active employees	<u>116</u>
	<u>131</u>

B. Total OPEB Liability

The School District's total OPEB liability of \$4,166,981 was measured as of July 1, 2021 and was determined by an actuarial valuation performed as of that date.

C. Actuarial Methods and Assumptions

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary Increases	2.50%
Discount Rate	2.16%
Healthcare Cost Trend Rates	7.00% for 2021/2022, decreasing 0.25% per year to an ultimate rate of 4.50%

The discount rate was based on the Bond Buyers 20-Bond Index.

Mortality rates were based on the PriH-2012 Total Dataset Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2021 valuation were selected using input from the School District based upon actual experience.

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D. Change in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2021	\$ 4,121,655
Changes for the year:	
Service Cost	143,036
Interest	91,089
Differences between Expected and Actual Experience	(16,474)
Changes of Assumptions or other inputs	26,260
Benefit Payments	<u>(198,585)</u>
Net Changes	<u>45,326</u>
Balance at June 30, 2022	<u><u>\$ 4,166,981</u></u>

E. Changes of Assumptions and Other Inputs

- Changed the discount rate from 2.21% to 2.16%.
- Updated the trend rates and mortality improvement scale.

F. Sensitivity of the Total Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.16%) or one percentage point higher (3.16%) than the current discount rate:

	1.00% Decrease	Current Discount Rate	1.00% Increase
	1.16%	2.16%	3.16%
Total OPEB Liability	\$ 4,461,370	\$ 4,166,981	\$ 3,889,532

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

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

	1.00% Decrease	Healthcare Cost Trend Rates	1.00% Increase
Total OPEB Liability	\$ 3,816,028	\$ 4,166,981	\$ 4,566,321

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

For the year ended June 30, 2022, the School District recognized OPEB gain of \$71,706. At June 30, 2022, the School District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 66,258	\$ 94,977
Change in assumptions	348,804	33,484
Benefit payments subsequent to the measurement date	329,886	-
	\$ 744,948	\$ 128,461

The \$329,886 amount reported as deferred outflows of resources resulting from the School District's benefit payments subsequent to the measurement date will be recognized as a reduction in next year's total OPEB liability. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2023	\$ 24,055
2024	24,055
2025	24,055
2026	24,055
2027	24,055
Thereafter	166,326
	\$ 286,601

**Freedom Area School District**  
**Notes to Financial Statements**  
**June 30, 2022**

**Note 15 - Other Post-Employment Benefits - PSERS**

A. Summary of Significant Accounting Policies

Other Post-Employment 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.

B. General Information about the Health Insurance Premium Assistance Program

1. Health Insurance Premium Assistance Program

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2021, there were no assumed future benefit increases to participating eligible retirees.

2. Premium Assistance Eligibility Criteria

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

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

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

**Freedom Area School District  
Notes to Financial Statements  
June 30, 2022**

4. Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2021, there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions

The School District's contractually required contribution rate for fiscal year ended June 30, 2022 was 0.80% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the School District were \$74,566 for the year ended June 30, 2022.

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

At June 30, 2022, the School District reported a liability of \$1,465,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2020 to June 30, 2021. The School District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2022, the School District's proportion was 0.0618%, which was a decrease of 0.0038% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the School District recognized OPEB expense of \$71,105. At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 14,000	\$ -
Changes in assumptions	156,000	20,000
Net difference between projected and actual investment earnings	3,000	-
Changes in proportions	15,000	124,000
Difference between employer contributions and proportionate share of total contributions	382	-
Contributions subsequent to the measurement date	<u>74,566</u>	<u>-</u>
	<u>\$ 262,948</u>	<u>\$ 144,000</u>

**Freedom Area School District  
Notes to Financial Statements  
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\$74,566 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2023	\$ 6,095
2024	6,135
2025	15,124
2026	5,028
2027	4,000
Thereafter	<u>8,000</u>
	<u>\$ 44,382</u>

1. Actuarial Assumptions

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

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

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

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2019 determined the employer contribution rate for fiscal year 2021.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.

**Freedom Area School District  
Notes to Financial Statements  
June 30, 2022**

- 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.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	79.8%	0.1%
US Core Fixed Income	17.5%	0.7%
Non-US Developed Fixed	<u>2.7%</u>	-0.3%
	<u>100%</u>	

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

2. Discount Rate

The discount rate used to measure the Total OPEB Liability was 2.18%. Under the plan’s funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan’s fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a “pay-as-you-go” plan. A discount rate of 2.18% which represents the S&P 20 year Municipal Bond Rate at June 30, 2021, was applied to all projected benefit payments to measure the total OPEB liability.

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2021, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2021, 93,392 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2021, 611 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

**Freedom Area School District**  
**Notes to Financial Statements**  
**June 30, 2022**

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

	(In Thousands)		
	1.00% Decrease	Current Trend Rate	1.00% Increase
System net OPEB Liability	\$ 1,465	\$ 1,465	\$ 1,465

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

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

	(In Thousands)		
	1.00% Decrease 1.18%	Current Discount Rate 2.18%	1.00% Increase 3.18%
School District's proportionate share of the net OPEB liability	\$ 1,681	\$ 1,465	\$ 1,287

5. OPEB Plan Fiduciary Net Position

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

**Note 16 – Prior Period Restatement**

As a result of the implementation of GASB Statement No. 87 "Leases", the School District made a prior period adjustment to record the value of the right-to-use asset, net of accumulated amortization, \$100,341 and the associated lease liability, (\$100,678) as of July 1, 2021. This prior period adjustment and its effect on net position at July 1, 2021 was a decrease in the governmental activities net position of \$337, restating the net position reported in the prior period financial statements of (\$14,623,957) to (\$14,624,294).

**Note 17 – Construction Commitments**

As of June 30, 2022, the School District had construction commitments in the amount of approximately \$80,295 for various capital projects. It is anticipated these projects will be completed in the 2022/2023 fiscal year.



**REQUIRED SUPPLEMENTARY  
INFORMATION SECTION**

**Freedom Area School District  
Schedule of Revenues, Expenditures  
and Changes in Fund Balance  
General Fund – Budget and Actual  
Year Ended June 30, 2022**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
<b>Local Sources</b>				
<b>Taxes</b>				
Current Real Estate Taxes	\$ 8,427,984	\$ 8,427,984	\$ 8,546,497	\$ 118,513
Public Utility Realty Taxes	9,000	9,000	9,558	558
Payments in Lieu of Current Taxes	1,800	1,800	2,844	1,044
Local Services Taxes	12,500	12,500	11,185	(1,315)
Earned Income Taxes	1,103,400	1,103,400	1,301,579	198,179
Real Estate Transfer Taxes	95,000	95,000	243,345	148,345
Delinquencies on Taxes	466,000	466,000	501,175	35,175
Earnings on Investments	25,000	25,000	21,133	(3,867)
<b>Other Local Revenues</b>				
Revenue from Student Activities	34,000	34,000	32,532	(1,468)
Federal Revenues from IU	200,000	200,000	266,078	66,078
Contributions & Donations from Private Sources	-	9,970	9,242	(728)
Rentals	40,000	40,000	42,826	2,826
Admissions	-	-	23,447	23,447
Miscellaneous Revenue	10,000	10,000	28,318	18,318
<b>Total Revenues from Local Sources</b>	<b>10,424,684</b>	<b>10,434,654</b>	<b>11,039,759</b>	<b>605,105</b>
<b>State Sources</b>				
<b>Basic Instructional &amp; Oper. Subsidies</b>				
Basic Instructional Subsidy	8,095,738	8,095,738	8,239,754	144,016
Tuition	600	600	12,229	11,629
<b>Subsidies for Spec. Educ. Programs</b>				
Special Education of Excep. Pupils	1,087,370	1,087,370	1,147,464	60,094
<b>Subsidies for Noneduc. Programs</b>				
Transportation (Regular & Additional)	674,646	674,646	660,946	(13,700)
Ready to Learn Block Grant	268,806	268,806	268,806	-
Health Services	19,500	19,500	22,809	3,309
State Property Tax Reduction	500,370	500,370	500,370	-
Safe Schools	10,000	10,000	2,980	(7,020)
Social Security Payments	427,631	427,631	389,989	(37,642)
State Retirement Revenue	1,944,802	1,944,802	1,851,691	(93,111)
<b>Total Revenues from State Sources</b>	<b>13,029,463</b>	<b>13,029,463</b>	<b>13,097,038</b>	<b>67,575</b>

**Freedom Area School District  
Schedule of Revenues, Expenditures  
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General Fund – Budget and Actual  
Year Ended June 30, 2022**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Federal Sources</b>				
Restricted Grants-In-Aid from the Fed. Gov't. through the Commonwealth				
Title I	293,244	293,244	293,244	-
Title II	41,530	41,530	54,692	13,162
Title IV	22,341	22,341	22,341	-
Title XIX	8,000	8,000	9,222	1,222
ESSER II - Elementary & Secondary				
School Emergency Relief Fund	-	1,074,697	188,120	(886,577)
ARP ESSER - Elementary & Secondary				
School Emergency Relief Fund	-	-	62,831	62,831
Governor's Emergency Education				
Relief Fund (GEER)	-	22,144	3,719	(18,425)
ARP ESSER 7%- Elementary & Secondary				
School Emergency Relief Fund	-	-	58,867	58,867
ARP ESSER 2.5%- Elementary & Secondary				
School Emergency Relief Fund	-	-	2,120	2,120
IDEA, Part B	-	-	14,146	14,146
Medical Assistance	62,000	62,000	-	(62,000)
	427,115	1,523,956	709,302	(814,654)
<b>Total Revenues from Federal Sources</b>				
	23,881,262	24,988,073	24,846,099	(141,974)
<b>Expenditures</b>				
<b>Instruction</b>				
<b>Regular Programs</b>				
Personal Services				
Salaries	5,081,042	5,605,724	5,217,477	388,247
Employee Benefits	3,923,677	4,172,485	3,812,126	360,359
Purchased Prof. and Tech. Services	271,500	304,300	264,386	39,914
Purchased Property Services	10,115	10,115	1,343	8,772
Other Purchased Services	798,200	798,200	887,557	(89,357)
Supplies	500,260	513,104	476,446	36,658
Property	143,300	164,490	156,777	7,713
Other Objects	4,500	4,500	1,101	3,399
	10,732,594	11,572,918	10,817,213	755,705
<b>Total Regular Programs</b>				

**Freedom Area School District  
Schedule of Revenues, Expenditures  
and Changes in Fund Balance  
General Fund – Budget and Actual  
Year Ended June 30, 2022**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Special Programs				
Personal Services				
Salaries	1,174,945	1,313,297	1,157,325	155,972
Employee Benefits	871,080	940,419	782,017	158,402
Purchased Prof. and Tech. Services	637,900	637,900	740,016	(102,116)
Purchased Property Services	1,000	1,000	-	1,000
Other Purchased Services	1,508,000	1,508,000	1,210,549	297,451
Supplies	42,905	47,905	25,557	22,348
Other Objects	2,600	2,600	325	2,275
Total Special Programs	<u>4,238,430</u>	<u>4,451,121</u>	<u>3,915,789</u>	<u>535,332</u>
Vocational Education Programs				
Other Purchased Services	<u>480,000</u>	<u>480,000</u>	<u>369,303</u>	<u>110,697</u>
Other Instructional Programs				
Personal Services				
Salaries	8,000	8,000	396	7,604
Employee Benefits	57	57	171	(114)
Purchased Prof. and Tech. Services	-	9,000	10,556	(1,556)
Other Purchased Services	<u>15,000</u>	<u>15,000</u>	<u>688</u>	<u>14,312</u>
Total Other Instructional Programs	<u>23,057</u>	<u>32,057</u>	<u>11,811</u>	<u>20,246</u>
Nonpublic School Programs				
Personal Services				
Salaries	8,000	8,000	10,188	(2,188)
Supplies	-	562	769	(207)
Property	-	-	974	(974)
Total Nonpublic School Programs	<u>8,000</u>	<u>8,562</u>	<u>11,931</u>	<u>(3,369)</u>
Total Instruction	<u>15,482,081</u>	<u>16,544,658</u>	<u>15,126,047</u>	<u>1,418,611</u>

**Freedom Area School District  
Schedule of Revenues, Expenditures  
and Changes in Fund Balance  
General Fund – Budget and Actual  
Year Ended June 30, 2022**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Support Services				
Pupil Personnel				
Personal Services				
Salaries	551,486	569,306	559,136	10,170
Employee Benefits	392,674	409,808	412,059	(2,251)
Purchased Prof. and Tech. Services	97,280	97,280	108,190	(10,910)
Supplies	23,200	23,200	16,089	7,111
Total Pupil Personnel	<u>1,064,640</u>	<u>1,099,594</u>	<u>1,095,474</u>	<u>4,120</u>
Instructional Staff				
Personal Services				
Salaries	171,689	171,689	191,275	(19,586)
Employee Benefits	119,581	119,581	157,685	(38,104)
Purchased Prof. and Tech. Services	45,500	45,500	13,625	31,875
Supplies	32,226	32,226	15,675	16,551
Total Instructional Staff	<u>368,996</u>	<u>368,996</u>	<u>378,260</u>	<u>(9,264)</u>
Administration				
Personal Services				
Salaries	738,126	738,126	741,993	(3,867)
Employee Benefits	521,838	521,838	495,948	25,890
Purchased Prof. and Tech. Services	37,000	37,000	37,966	(966)
Purchased Property Services	3,000	3,000	5,172	(2,172)
Other Purchased Services	36,000	36,000	10,810	25,190
Supplies	80,150	80,150	49,022	31,128
Other Objects	19,000	19,000	5,041	13,959
Total Administration	<u>1,435,114</u>	<u>1,435,114</u>	<u>1,345,952</u>	<u>89,162</u>
Pupil Health				
Personal Services				
Salaries	122,951	128,860	110,095	18,765
Employee Benefits	77,727	83,098	32,362	50,736
Purchased Prof. and Tech. Services	8,000	8,000	8,000	-
Supplies	8,500	8,500	7,172	1,328
Total Pupil Health	<u>217,178</u>	<u>228,458</u>	<u>157,629</u>	<u>70,829</u>

**Freedom Area School District  
Schedule of Revenues, Expenditures  
and Changes in Fund Balance  
General Fund – Budget and Actual  
Year Ended June 30, 2022**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Business</b>				
Personal Services				
Salaries	193,226	193,226	168,709	24,517
Employee Benefits	163,655	164,305	145,742	18,563
Purchased Prof. and Tech. Services	59,300	59,300	69,621	(10,321)
Other Purchased Services	3,000	3,000	2,987	13
Supplies	5,500	5,500	8,228	(2,728)
Property	4,200	4,200	-	4,200
Other Objects	1,500	1,500	3,903	(2,403)
	<u>430,381</u>	<u>431,031</u>	<u>399,190</u>	<u>31,841</u>
<b>Oper. and Maint. of Plant Svcs.</b>				
Personal Services				
Salaries	820,516	820,516	789,331	31,185
Employee Benefits	562,408	561,758	552,352	9,406
Purchased Prof. and Tech. Services	104,100	104,100	117,214	(13,114)
Purchased Property Services	168,201	161,151	154,683	6,468
Other Purchased Services	112,900	112,900	90,853	22,047
Supplies	617,000	617,000	551,175	65,825
Property	-	7,050	18,719	(11,669)
	<u>2,385,125</u>	<u>2,384,475</u>	<u>2,274,327</u>	<u>110,148</u>
<b>Student Transportation Services</b>				
Purchased Prof. and Tech. Services	9,000	9,000	5,400	3,600
Other Purchased Services	1,323,690	1,323,690	1,272,422	51,268
Property	13,000	13,000	-	13,000
	<u>1,345,690</u>	<u>1,345,690</u>	<u>1,277,822</u>	<u>67,868</u>
<b>Central</b>				
Personal Services				
Salaries	137,455	137,455	145,825	(8,370)
Employee Benefits	108,743	108,743	106,693	2,050

**Freedom Area School District  
Schedule of Revenues, Expenditures  
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General Fund – Budget and Actual  
Year Ended June 30, 2022**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Purchased Prof. and Tech. Services	75,600	75,600	43,487	32,113
Purchased Property Services	44,600	44,600	42,186	2,414
Other Purchased Services	5,500	5,500	-	5,500
Supplies	40,300	40,300	30,779	9,521
Other Objects	1,000	1,000	-	1,000
<b>Total Central</b>	<b>413,198</b>	<b>413,198</b>	<b>368,970</b>	<b>44,228</b>
<b>Other</b>				
Other Purchased Services	13,000	13,000	11,972	1,028
<b>Total Support Services</b>	<b>7,673,322</b>	<b>7,719,556</b>	<b>7,309,596</b>	<b>409,960</b>
<b>Noninstructional Services</b>				
<b>Student Activities</b>				
Personal Services				
Salaries	290,995	290,995	289,363	1,632
Employee Benefits	127,687	123,637	88,376	35,261
Purchased Prof. and Tech. Services	58,950	58,950	50,063	8,887
Purchased Property Services	8,000	8,800	8,783	17
Other Purchased Services	74,200	71,650	65,331	6,319
Supplies	89,700	95,500	132,799	(37,299)
Property	6,000	6,000	50,262	(44,262)
Other Objects	23,652	23,652	15,175	8,477
<b>Total Student Activities</b>	<b>679,184</b>	<b>679,184</b>	<b>700,152</b>	<b>(20,968)</b>
<b>Community Services</b>				
Personal Services				
Salaries	1,150	1,150	1,150	-
Employee Benefits	8	8	95	(87)
Purchased Prof. and Tech. Services	3,000	3,000	-	3,000
Supplies	2,000	-	-	-
Other Objects	1,500	1,500	1,500	-
<b>Total Community Services</b>	<b>7,658</b>	<b>5,658</b>	<b>2,745</b>	<b>2,913</b>
<b>Total Noninstructional Services</b>	<b>686,842</b>	<b>684,842</b>	<b>702,897</b>	<b>(18,055)</b>

**Freedom Area School District  
Schedule of Revenues, Expenditures  
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General Fund – Budget and Actual  
Year Ended June 30, 2022**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Facilities Acquisition, Construction and Improvement Services				
Purchased Property Services	60,000	60,000	22,749	37,251
Supplies	6,000	6,000	47,623	(41,623)
Property	70,000	70,000	-	70,000
	<u>136,000</u>	<u>136,000</u>	<u>70,372</u>	<u>65,628</u>
Total Facilities Acquisition, Construction and Improvement Services				
	<u>136,000</u>	<u>136,000</u>	<u>70,372</u>	<u>65,628</u>
Debt Service				
Interest	301,648	301,648	295,663	5,985
Refunds of Prior Year's Receipts	-	-	10,328	(10,328)
Redemption of Principal	435,000	435,000	455,118	(20,118)
	<u>736,648</u>	<u>736,648</u>	<u>761,109</u>	<u>(24,461)</u>
Total Debt Service				
	<u>736,648</u>	<u>736,648</u>	<u>761,109</u>	<u>(24,461)</u>
Total Expenditures	<u>24,714,893</u>	<u>25,821,704</u>	<u>23,970,021</u>	<u>1,851,683</u>
Other Financing Uses				
Fund Transfers				
Capital Projects Fund	-	-	600,000	(600,000)
	<u>-</u>	<u>-</u>	<u>600,000</u>	<u>(600,000)</u>
Total Expenditures and Other Financing Uses	<u>24,714,893</u>	<u>25,821,704</u>	<u>24,570,021</u>	<u>1,251,683</u>
Net Change in Fund Balance	(833,631)	(833,631)	276,078	1,109,709
Fund Balance - July 1, 2021	<u>6,848,565</u>	<u>6,848,565</u>	<u>7,132,585</u>	<u>284,020</u>
Fund Balance - June 30, 2022	<u>\$ 6,014,934</u>	<u>\$ 6,014,934</u>	<u>\$ 7,408,663</u>	<u>\$ 1,393,729</u>



**Freedom Area School District**  
**Note to the Required Supplementary Information**  
**Budget Comparison**  
**June 30, 2022**

**Note 1 – Budgetary Information**

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Annual appropriated budgets are adopted for the general fund. All annual appropriations lapse at year-end.

All budget amounts presented in the accompanying required supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions to the annual budget during the year).

**Freedom Area School District  
Required Supplementary Information  
Schedule of Changes in the Total OPEB Liability  
and Related Ratios  
Last Six Years**

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability						
Service Cost	\$ 143,036	\$ 134,405	\$ 147,707	\$ 144,012	\$ 207,797	\$ -
Interest	91,089	134,992	144,501	131,747	108,687	-
Changes of Benefit Terms	-	-	67,818	-	-	-
Differences between Expected Actual Experience	(16,474)	-	(97,887)	-	96,378	-
Change of Assumptions and Other Inputs	26,260	162,654	32,599	(44,644)	226,000	-
Benefit Payments	<u>(198,585)</u>	<u>(167,320)</u>	<u>(171,681)</u>	<u>(177,344)</u>	<u>(302,987)</u>	<u>-</u>
Net Change in Total OPEB Liability	45,326	264,731	123,057	53,771	335,875	-
Total OPEB Liability - Beginning	<u>4,121,655</u>	<u>3,856,924</u>	<u>3,733,867</u>	<u>3,680,096</u>	<u>3,344,221</u>	<u>-</u>
Total OPEB Liability - Ending	<u>\$ 4,166,981</u>	<u>\$ 4,121,655</u>	<u>\$ 3,856,924</u>	<u>\$ 3,733,867</u>	<u>\$ 3,680,096</u>	<u>\$ 3,344,221</u>
Covered-Employee Payroll	\$ 7,216,354	\$ 7,900,340	\$ 7,707,649	\$ 7,999,104	\$ 7,804,004	N/A
Total OPEB Liability as a Percentage of Covered-Employee Payroll	57.74%	52.17%	50.04%	46.68%	47.16%	N/A

Notes to Schedule:

GASB 75 was implemented beginning with fiscal year ended June 30, 2018.

Assumption Changes:

Discount rate used for fiscal year ending:

2022	2.16%
2021	2.21%

For the June 30, 2022 valuation, changes were made to the mortality improvement scale and medical trend rates.

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

**Freedom Area School District  
Required Supplementary Information  
Schedule of School District's Contributions  
PSERS  
Last Eight Years**

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually Required Contribution	\$ 3,177,984	\$ 2,929,729	\$ 3,079,647	\$ 3,063,543	\$ 2,944,434	\$ 2,589,964	\$ 2,152,760	\$ 1,760,523
Contributions in Relation to the Contractually Required Contribution	<u>3,177,984</u>	<u>2,929,729</u>	<u>3,079,647</u>	<u>3,063,543</u>	<u>2,944,434</u>	<u>2,589,964</u>	<u>2,152,760</u>	<u>1,760,523</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 9,407,229	\$ 8,763,081	\$ 9,201,329	\$ 9,427,621	\$ 9,364,008	\$ 9,070,453	\$ 8,728,967	\$ 8,683,267
Contributions as a Percentage of Covered Payroll	33.78%	33.43%	33.47%	32.50%	31.44%	28.55%	24.66%	20.27%

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

The covered-payroll amount reported for June 30, 2021 has been revised from the prior year presentation to reflect adjustments processed by PSERS during fiscal year 2022.

**Freedom Area School District  
Required Supplementary Information  
Schedule of School District's Proportionate Share  
of the Net Pension Liability  
PSERS  
Last Nine Years  
(Dollar Amount in Thousands)**

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
School District's Proportion of the Net Pension Liability (Asset)	0.0618%	0.0656%	0.0684%	0.0695%	0.0681%	0.0678%	0.0686%	0.0668%	0.6530%
School District's Proportionate Share of the Net Pension Liability (Asset)	\$ 25,373	\$ 32,301	\$ 31,999	\$ 33,363	\$ 33,634	\$ 33,600	\$ 29,714	\$ 26,440	\$ 26,732
School District's Covered Payroll	\$ 8,763	\$ 9,201	\$ 9,428	\$ 9,364	\$ 9,070	\$ 8,729	\$ 8,683	\$ 8,529	\$ 8,374
School District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	289.55%	351.06%	339.40%	356.29%	370.83%	384.92%	342.21%	310.00%	319.23%
Plan Fiduciary Net Position as a Percentage of The Total Pension Liability	63.37%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%	54.49%

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

**Freedom Area School District  
Required Supplementary Information  
Schedule of School District's Contributions  
PSERS OPEB Plan  
Last Five Years**

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Contractually Required Contribution	\$ 74,566	\$ 72,136	\$ 77,481	\$ 78,057	\$ 77,803
Contributions in Relation to the Contractually Required Contribution	<u>74,566</u>	<u>72,136</u>	<u>77,481</u>	<u>78,057</u>	<u>77,803</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 9,407,229	\$ 8,763,081	\$ 9,201,329	\$ 9,427,621	\$ 9,364,008
Contributions as a Percentage of Covered Payroll	0.79%	0.82%	0.84%	0.83%	0.83%

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

The covered-payroll amount reported for June 30, 2021 has been revised from the prior year presentation to reflect adjustments processed by PSERS during fiscal year 2022.

**Freedom Area School District  
Required Supplementary Information  
Schedule of School District's Proportionate Share  
of the Net OPEB Liability  
PSERS OPEB Plan  
Last Five Years  
(Dollar Amount in Thousands)**

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
School District's Proportion of the Net OPEB Liability (Asset)	0.0618%	0.0656%	0.0684%	0.0695%	0.0681%
School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 1,465	\$ 1,417	\$ 1,455	\$ 1,449	\$ 1,387
School District's Covered Payroll	\$ 8,763	\$ 9,201	\$ 9,428	\$ 9,364	\$ 9,070
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	16.72%	15.40%	15.43%	15.47%	15.29%
Plan Fiduciary Net Position as a Percentage of The Total OPEB Liability	5.30%	5.69%	5.56%	5.56%	5.73%

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

**SINGLE AUDIT SECTION**

**HOSACK, SPECHT, MUETZEL & WOOD LLP**  
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Members of the Board  
Freedom Area School District  
Freedom, Pennsylvania

Dear Members:

The reports contained in this single audit section are required in addition to the financial statements. The various reports for Freedom Area School District for the period ended June 30, 2022 were prepared to fulfill the requirements of the Government Auditing Standards and the Uniform Grant Guidance. A summary of the reports is as follows:

- A. 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*
- B. Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance
- C. Schedule of Findings and Questioned Costs
- D. Schedule of Expenditures of Federal Awards
- E. List of Report Distribution

Respectfully submitted,

*Hosack, Specht, Muetzel & Wood LLP*

HOSACK, SPECHT, MUETZEL & WOOD LLP  
Pittsburgh, Pennsylvania  
January 2, 2023



**HOSACK, SPECHT, MUETZEL & WOOD LLP**  
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**EXHIBIT A**

**Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance with *Government Auditing Standards***

Members of the Board  
Freedom Area School District  
Freedom, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Freedom Area School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Freedom Area School District's basic financial statements, and have issued our report thereon dated January 2, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Freedom Area School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Freedom Area School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Freedom 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 or significant deficiencies may exist that were not identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Freedom 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

*Hosack, Specht, Muetzel & Wood LLP*

HOSACK, SPECHT, MUETZEL & WOOD LLP  
Pittsburgh, Pennsylvania  
January 2, 2023

**HOSACK, SPECHT, MUETZEL & WOOD LLP**  
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**EXHIBIT B**

**Independent Auditor's Report on Compliance for Each Major Program and  
on Internal Control Over Compliance Required by the Uniform Guidance**

Members of the Board  
Freedom Area School District  
Freedom, Pennsylvania

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Freedom 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 Freedom Area School District's major federal programs for the year ended June 30, 2022. Freedom 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, Freedom 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, 2022.

***Basis for Opinion on Each Major Federal Program***

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

We are required to be independent of Freedom 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 Freedom 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 Freedom 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 Freedom 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 Freedom 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 Freedom 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 Freedom 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 Freedom 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 were not identified.

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

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

*Hosack, Specht, Muetzel & Wood LLP*

HOSACK, SPECHT, MUETZEL & WOOD LLP  
Pittsburgh, Pennsylvania  
January 2, 2023

**Freedom Area School District  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2022**

**EXHIBIT C**

**Section I - Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report was unmodified.

Internal control over financial reporting:

- Material weakness(es) identified?      \_\_\_\_\_ yes                          ✓     no
- Significant deficiency(ies) identified?      \_\_\_\_\_ 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 deficiency(ies) identified?      \_\_\_\_\_ yes                          ✓     none reported

Type of auditor's report issued on compliance for major programs was unmodified.

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.553 and 10.555	Nutrition Cluster

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

Auditee qualified as low-risk auditee?          ✓     yes                      \_\_\_\_\_ no

**Freedom Area School District  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2022**

**EXHIBIT C**

**Section II – Financial Statement Findings**

No matters were reported.

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

No matters were noted.

**Section IV – Status of Prior Year’s Findings**

No prior year’s findings.

**Freedom Area School District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2022**

**Exhibit D**

Federal Grantor/ Pass Through Grantor/ Project Title	Source Code	Federal CFDA Number	Pass Through Grantor's Number	Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue 07/01/21	Revenue Recognized	Expendi- tures	Accrued or (Deferred) Revenue 06/30/22
U.S. Department of Education										
Passed through the Pennsylvania										
Department of Education										
Title I Improving Basic Programs	I	84.010	013-210158	08/06/20-09/30/21	\$ 300,484	\$ 21,361	\$ 21,361	\$ -	\$ -	\$ -
Title I Improving Basic Programs	I	84.010	013-220158	09/02/21-09/30/22	293,244	270,686	-	293,244	293,244	22,558
						292,047	21,361	293,244	293,244	22,558
Title II Improving Teacher Quality	I	84.367	020-210158	08/06/20-09/30/21	46,218	6,583	6,583	-	-	-
Title II Improving Teacher Quality	I	84.367	020-220158	09/02/21-09/30/22	41,530	28,752	-	41,530	41,530	12,778
Title II A Teachers in Work	I	84.367	220-200158	11/20/19-09/30/21	25,000	7,254	(5,908)	13,162	13,162	-
						42,589	675	54,692	54,692	12,778
Title IV Student Sup. and Acad. Enrichment	I	84.424	144-220158	09/02/21-09/30/22	22,341	18,904	-	22,341	22,341	3,437
Title IV Student Sup. and Acad. Enrichment	I	84.424	144-210158	08/06/20-09/30/21	22,804	4,887	4,887	-	-	-
						23,791	4,887	22,341	22,341	3,437
COVID-19 Governor's Emergency										
Education Relief Fund										
COVID-19 aTSI Governor's Emergency	I	84.425C	253-200158	03/13/20-09/30/21	46,900	39,495	36,575	2,080	2,080	(840)
Education Relief Fund										
COVID-19 Elementary and Secondary School	I	84.425C	254-200158	03/13/20-09/30/21	32,267	3,397	(3,940)	1,639	1,639	(5,698)
Emergency Relief Fund (ARP 2.5%)										
COVID-19 Elementary and Secondary School	I	84.425C	224-210158	03/13/20-09/30/24	29,468	-	-	2,120	2,120	2,120
Emergency Relief Fund (ESSER II)										
COVID-19 Elementary and Secondary School	I	84.425D	200-210158	03/13/20-09/30/23	1,097,649	178,687	32,800	188,120	188,120	42,233
Emergency Relief Fund (ARP ESSER)										
COVID-19 Elementary and Secondary School	I	84.425U	223-210158	03/13/20-09/30/24	2,220,225	121,103	-	62,831	62,831	(58,272)
Emergency Relief Fund (ARP 7%)										
COVID-19 Elementary and Secondary School	I	84.425U	225-210158	03/13/20-09/30/24	123,258	47,062	-	58,867	58,867	11,805
						389,744	65,435	315,657	315,657	(8,652)
Passed through the Pennsylvania Commission on										
Crime and Delinquency										
COVID-19 School District Safety Grant	I	84.425D	2020-ES-01-35575	03/13/20-09/30/22	38,096	38,096	38,096	-	-	-
						427,840	103,531	315,657	315,657	(8,652)



**Freedom Area School District**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2022**

**Exhibit D**

Federal Grantor/ Pass Through Grantor/ Project Title	Source Code	Federal CFDA Number	Pass Through Grantor's Number	Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue 07/01/21	Revenue Recognized	Expendi- tures	Accrued or (Deferred) Revenue 06/30/22
Special Education Cluster Passed through the Pennsylvania Department of Education COVID-19 SECIM	I	84.027	252-20-0158	07/01/20-09/30/22	14,146	9,431	(4,715)	14,146	14,146	-
Passed through the Beaver IU IDEA ESY	I	84.027	N/A	07/01/21-06/30/22	8,360	8,360	-	8,360	8,360	-
IDEA B	I	84.027	N/A	07/01/20-06/30/21	201,550	137,747	137,747	-	-	-
IDEA B	I	84.027	N/A	07/01/21-06/30/22	256,643	126,152	-	256,644	256,644	130,492
IDEA B Section 619	I	84.173	N/A	07/01/20-06/30/21	3,360	3,360	3,360	-	-	-
IDEA B Section 619	I	84.173	N/A	07/01/21-06/30/22	1,074	-	-	1,074	1,074	1,074
Subtotal Beaver IU						275,619	141,107	266,078	266,078	131,566
Subtotal Special Education Cluster						285,050	136,392	280,224	280,224	131,566
Subtotal U.S. Department of Education						1,071,317	266,846	966,158	966,158	161,687
U.S. Department of Health and Human Services Passed through the Pennsylvania Department of Public Welfare Medical Assistance Reimb. for Adm. Title 19	I	93.778	N/A	07/01/21-06/30/22	7,434	10,115	2,451	9,222	9,222	1,558
U.S. Department of Agriculture Passed through the Pennsylvania Department of Education Pandemic EBT Administrative Costs	I	10.649	N/A	07/01/21-06/30/22	N/A	614	-	614	614	-
National School Lunch Program	I	10.555	N/A	07/01/21-06/30/22	N/A	778,899	87,287	691,612	691,612	-
National School Breakfast Program	I	10.553	N/A	07/01/21-06/30/22	N/A	185,699	34,260	151,439	151,439	-
Passed through the Pennsylvania Department of Agriculture National School Lunch Program (Donated Commodities Non Cash Assistance)	I	10.555	N/A	07/01/21-06/30/22	N/A	60,631	(33,558)	73,422	73,422	(20,767)
Total Child Nutrition Cluster						1,025,229	87,989	916,473	916,473	(20,767)
Total U.S. Department of Agriculture						1,025,843	87,989	917,087	917,087	(20,767)
Total Federal Financial Assistance						\$ 2,107,275	\$ 357,286	\$ 1,892,467	\$ 1,892,467	\$ 142,478

See Accompanying Notes to Schedule of Expenditures of Federal Awards

**Freedom Area School District  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2022**

**EXHIBIT D**

**Note A - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Freedom Area School District under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Freedom Area School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of Freedom Area School District.

**Note B - Summary of Significant Accounting Policies**

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Freedom Area School District has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Note C - Source Code**

The Source Code (I) indicates funds received indirectly.

**Note D - Reconciliation with Subsidy Confirmation**

Amounts Received Per Schedule	\$2,107,275
Less: Commodities Received	(60,631)
Less: Passage Through IUs	(275,619)
Less: Title 19	(10,115)
Less: Pass Through PCCD	(38,096)
Add: State Funding on Confirmation	<u>29,587</u>
 Per Subsidy Confirmation	 <u><u>\$1,752,401</u></u>

**Note E - Subrecipients**

The School District did not pass through any federal expenditures to subrecipients.

**Freedom Area School District  
List of Report Distribution  
June 30, 2022**

**EXHIBIT E**

1 Copy – Bureau of Audits

1 Copy – Bureau of the Census