

GREENSBURG SALEM SCHOOL DISTRICT

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FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

**GREENSBURG SALEM  
SCHOOL DISTRICT**  
WESTMORELAND COUNTY, PENNSYLVANIA

FINANCIAL STATEMENTS

AND

OTHER INFORMATION REQUIRED BY  
GOVERNMENT AUDITING STANDARDS  
AND UNIFORM GUIDANCE

WITH REPORTS OF  
CERTIFIED PUBLIC ACCOUNTANT

**FOR THE YEAR ENDED  
JUNE 30, 2022**

**GREENSBURG SALEM SCHOOL DISTRICT**  
**WESTMORELAND COUNTY, PENNSYLVANIA**  
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**GREENSBURG SALEM SCHOOL DISTRICT**  
**WESTMORELAND COUNTY, PENNSYLVANIA**  
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# **Mark C. Turnley**

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**To the Board of Education  
Greensburg Salem School District  
Westmoreland County, Pennsylvania**

## **Independent Auditor's Report**

### **Opinions**

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Greensburg Salem School District as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Greensburg Salem 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**

My 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 my 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*, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Greensburg Salem 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Greensburg Salem School District's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

## **Required Supplementary Information**

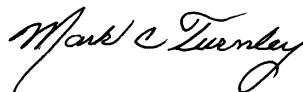
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages iv-ix and the other required supplementary information on pages 49-56 be presented to supplement the basic financial statements. Such information is the responsibility 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. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Greensburg Salem School District's basic financial statements. The accompanying supplementary information – Combining Balance Sheet – Nonmajor Governmental Funds, and Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds, on pages 47-48, is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards on page 62 is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Combining Balance Sheet – Nonmajor Governmental Funds, and Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated April 28, 2023 on my consideration of the Greensburg Salem School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Greensburg Salem School District's internal control over financial reporting and compliance.



Mark C. Turnley, CPA

April 28, 2023  
New Brighton, Pennsylvania

**GREENSBURG SALEM SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)  
AS OF JUNE 30, 2022**

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement Number 34 Basic Financial Statements and Management’s Discussion and Analysis for State & Local Governments.

The discussion and analysis of the Greensburg Salem School District’s financial reporting provides an overall perspective of the District’s financial activities for the fiscal year ended June 30, 2022. As this analysis is intended to be an overall District review, the readers should also examine the financial statements as well as the notes to the financial statements to enhance their understanding of the District’s financial performance. Also, the District has provided comparative data for the prior year ended June 30, 2021 and the current year for this Management’s Discussion and Analysis.

**FINANCIAL STATEMENTS**

The Annual Financial Report contains two different series of financial statements.

The first sequence of reports is the government-wide presentation of financial operations combining the governmental fund activities as well as separately reporting on the business-type activities of the District (proprietary fund). For the Greensburg Salem School District, the governmental funds are the General Fund, Theobald Scholarship Fund, Debt Service Fund, and the Capital Projects Fund. These funds include all the District’s primary services and programs such as instruction, administration, and athletics. The Greensburg Salem School District operates one proprietary fund, which is the Food Services Fund. The various statements report the District’s net position that includes all assets and liabilities as well as the current year’s revenues and expenses recorded on an accrual basis. The accrual basis of accounting recognizes resources and obligations as they are earned and incurred regardless of when cash is received or paid.

The second series of reports are fund specific and detail the individual operations within each governmental fund as well as the proprietary and fiduciary funds. Most of the District’s financial activities are reported in the governmental funds as noted above. These funds are reported on a modified accrual accounting basis that focuses on 1) how cash and other financial assets that can be readily converted to cash, flow in and out and 2) the balances left at year-end that are available for spending. Accordingly, this basis of accounting details primarily short-term operations.



**GREENSBURG SALEM SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
AS OF JUNE 30, 2022**

**FINANCIAL STATEMENTS (Continued)**

The proprietary fund statements account for District activities, which are similar to a business or the private sector operations. The focus of this fund is on net income and financial position. A significant portion of this income is derived from user charges. The District also operates a Fiduciary Fund that is excluded from government-wide reporting. These funds cannot be used to finance any other District operations.

**FINANCIAL ANALYSIS – GOVERNMENT-WIDE STATEMENTS**

The government-wide statements report financial and economic resource information on the full-accrual method regardless of when cash is received or paid.

The District's total assets and deferred outflows of resources are valued at \$50,582,890. Capital assets (net of depreciation) totaling \$21,163,145, represent 42% of the District's government-wide assets and deferred outflows of resources. The remaining 58% of government-wide assets and deferred outflows of resources are comprised of current assets such as cash/cash equivalents, investments and short-term receivables totaling \$17,547,258 (35%), and deferred outflows of resources for the District's pension and OPEB plans totaling \$11,872,487 (23%).

The District's governmental and business-type activity liabilities and deferred inflows of resources of \$93,286,132 are comprised of 12% (\$10,742,196) in current obligations and 88% (\$82,543,936) in long-term obligations. Current obligations consist primarily of accrued salaries and benefits as well as the current portion of long-term debt immediately due. The long-term obligations are bonds payable, net OPEB obligation, employee compensated absences, and the District's net pension obligation which requires the District to report its proportionate share of the Public-School Employees Retirement System (PSERS) net pension obligation, which for the Greensburg Salem School District totaled \$53,127,000 at June 30, 2022.

The School District's Long-Term Bonds Payable at June 30, 2022 totaled \$8,355,000. A portion of the District's debt service obligations are refunded by the state during the course of the year when payments are made. The district received reimbursements totaling \$127,627 during the 2021-2022 fiscal year.

The District's Net OPEB liability is \$11,511,847 as of June 30, 2022. Compensated absences decreased in 2021-2022 from \$1,086,027 to \$970,529.

**GREENSBURG SALEM SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
AS OF JUNE 30, 2022**

**FINANCIAL ANALYSIS – GOVERNMENT-WIDE STATEMENTS (Continued)**

On June 30, 2021, the District reported a net position deficit of (\$51,973,582). For the current year ended June 30, 2022, the District's net position deficit has improved to (\$42,703,242). As previously mentioned, the most significant portion of the District's deficit net position is its net pension liability of \$53,127,000.

General revenues for governmental activities as displayed in the Statement of Activities for 2021/2022 compared to 2020/2021 are as follows:

| <b>Description</b>          | <b>2020-2021</b> | <b>2021-2022</b> | <b>Increase/(Decrease)</b> |
|-----------------------------|------------------|------------------|----------------------------|
| Property and Other Taxes    | \$24,758,311     | \$25,018,810     | \$ 260,499                 |
| Property Tax Relief         | \$ 830,064       | \$ 829,349       | \$ (715)                   |
| Basic Subsidy               | \$10,993,151     | \$11,245,953     | \$ 252,802                 |
| Investment Earnings         | \$ 39,153        | \$ 32,159        | \$ (6,994)                 |
| Disposition of Fixed Assets | \$ 0             | \$ 2,900         | \$ 2,900                   |

The District's real estate tax millage remained at 89.72 for 2021-2022 year, same as the 2020-2021 fiscal year.

The Statement of Activities for the District details the current year's operations. The expenses are detailed by specific activity and include allocated depreciation, compensated absence, and retiree health care liabilities. These items are non-cash outlays.

Expenses for the six (6) largest governmental activities, as displayed in the Statement of Activities, are as follows:

| <b>Description</b>               | <b>2020-2021</b> | <b>2021-2022</b> | <b>Increase/(Decrease)</b> |
|----------------------------------|------------------|------------------|----------------------------|
| Instructional Services           | \$29,847,771     | \$29,408,742     | \$ (439,029)               |
| Institutional Student Support    | \$ 3,678,744     | \$ 3,089,490     | \$ (589,254)               |
| Administrative/Financial Support | \$ 3,297,563     | \$ 2,875,781     | \$ (421,782)               |
| Operation/Plant Services         | \$ 4,240,019     | \$ 4,120,127     | \$ (119,892)               |
| Pupil Transportation             | \$ 1,934,034     | \$ 2,597,673     | \$ 663,639                 |
| Student Activities               | \$ 1,051,515     | \$ 1,033,089     | \$ (18,426)                |

The above expenses reflect annual depreciation expense of \$1,175,675.

**GREENSBURG SALEM SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)  
AS OF JUNE 30, 2022**

**FINANCIAL ANALYSIS – FUND STATEMENTS**

Fund Balance is the amount of reserve or “equity” the District has accumulated over time and can be committed and/or assigned for a specific use or unassigned and considered available for appropriations as approved by the School Board.

The comparative change in Unassigned General Fund balance is as follows:

| <b>Fund Balance</b> | <b>2021-2022</b> | <b>2020-2021</b> | <b>Change</b> |
|---------------------|------------------|------------------|---------------|
| Unassigned          | \$3,927,083      | \$3,745,982      | \$181,101     |

District revenue comes from three sources – local, state, and federal. General Fund local revenue is primarily tax revenue from real estate and earned income and provided \$26,193,836 or 50% of the total revenue for the District. State revenue consists of subsidies that amounted to 38% or \$19,764,303 for the current year. Federal grant awards provided only 12% of the District’s revenue. General Fund revenue for the current year was \$52,266,767, an increase of \$4,150,545 from the previous year’s amount of \$48,116,222. Current year revenue was spent for General Fund operating expenditures of \$51,431,822.

A comparison between the preceding and current year expenditures is as follows:

| <b>Program</b>                   | <b>2021-2022</b> | <b>2020-2021</b> | <b>Increase/<br/>(Decrease)</b> |
|----------------------------------|------------------|------------------|---------------------------------|
| Instruction                      | \$31,057,220     | \$28,903,183     | \$ 2,154,037                    |
| Support Services                 | \$12,624,857     | \$12,119,406     | \$ 505,451                      |
| Non-Instructional Services       | \$ 1,114,413     | \$ 1,017,675     | \$ 96,738                       |
| Capital Outlay                   | \$ 2,627,200     | \$ -0-           | \$ 2,627,200                    |
| Debt Service & Others            | \$ 3,626,548     | \$ 3,250,920     | \$ 375,628                      |
| Transfer to Capital Project Fund | \$ 381,584       | \$ 583,596       | \$ (202,012)                    |

The district’s employer pension contribution increased \$218,551 (3.5%) from \$6,302,801 in the 2020-2021 fiscal year to \$6,521,352 in the 2021-2022 fiscal year. The District continues to research ways to get students back into our buildings to reduce our tuition costs. Our administration began an outreach program to contact parents of students enrolled in cyber charter schools in an effort to bring them back into our buildings. The District also continues to commit funds to improving the technology infrastructure and equipment for students and staff.

Overall, General Fund revenues exceeded expenditures by \$834,945 increasing the overall fund balance to \$7,468,676.

**GREENSBURG SALEM SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
AS OF JUNE 30, 2022**

**FUTURE ISSUES AND CONCERNS**

Lack of additional state revenues, causing continued strain on the local taxpayers continues to be the immediate concern, however an influx of federal revenue in the current fiscal year as a result of the pandemic mainly in the form of Elementary and Secondary Emergency Relief (ESSER) funding, has enabled the District to adjust its instructional and technological needs to meet the demands of the current educational environment. State support in the form of general fund revenues continue to fall well below costly state mandates, passing the burden onto the local economy. Real property assessed values have remained stable within the school district and have seen a decrease in the recent past due to appeals and purchases of property within the district by tax exempt entities. There are no significant developments on the horizon that would potentially increase the assessed value of our district tax rolls.

Personnel related expenses, such as salaries, health care and mandatory retirement contributions continue to stabilize, but continue to cause the District to budget additional funds for such increases. The District, through the work of the Westmoreland County Public School Healthcare Consortium, has contained health care costs to the district up to this point. However, health insurance rates increased by 5% for the 2020-2021 school year, and billings to the school district increased 2.7% in the 2021-2022 fiscal year. Rates are expected to increase even more in 2022-2023 due to the COVID-19 pandemic. Mandatory retirement contributions increased by 1.25% from 34.51% to 34.94% for the 2021-2022 fiscal year.

Student enrollment has been stable over the past few years throughout the District. Administration continues to evaluate curriculum, staffing levels and labor costs when preparing its annual budget. The District will continue collaborating with higher education and community and workplace leaders to have students prepared for college and/or career. The District has worked to give all students, including those with complex instructional needs, access to the district curriculum and PA standards. Providing the needed services and support continues to significantly impact the district budgets. The District is always looking at ways to improve the educational experience for students while working within the framework of the budget.

The District's five-year labor agreement with the Greensburg Salem Education Association will expire on June 30, 2024. The labor agreement with the Maintenance and Custodial Workers – Local 506 will expire on June 30, 2024. The District has current board policies for secretaries and support staff that will expire June 30, 2024. The District has a current board policy for administrative personnel that will expire June 30, 2026.

**GREENSBURG SALEM SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
AS OF JUNE 30, 2022**

**FUTURE ISSUES AND CONCERNS (Continued)**

Finally, the district continues to assess its aging facilities. The District's Buildings and Grounds Committee and the Board of School Directors continue to commit a portion of the annual general operating budget and unused fund balance to address immediate needs within the facilities. The development of short-term and long-term facilities recommendations has begun. The District continues to look at ways to fund needed capital improvements while working within the framework of the budget.

**CONTACTING THE DISTRICT FINANCIAL MANAGEMENT**

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to show the Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact the District's business office at the Greensburg Salem School District, 1 Academy Hill Place, Greensburg, Pa. 15601, phone number (724) 832-2914.

**GREENSBURG SALEM SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

**EXHIBIT A**

|                                                                           | <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> | <b>Total</b>           |
|---------------------------------------------------------------------------|------------------------------------|-------------------------------------|------------------------|
| <b>ASSETS</b>                                                             |                                    |                                     |                        |
| <b>Current Assets:</b>                                                    |                                    |                                     |                        |
| Cash and Cash Equivalents                                                 | \$ 10,123,035                      | \$ 669,000                          | \$ 10,792,035          |
| Investments                                                               | 2,146,736                          | -                                   | 2,146,736              |
| Taxes Receivable, net                                                     | 889,680                            | -                                   | 889,680                |
| Due From Other Funds                                                      | (2,526)                            | 2,526                               | -                      |
| Due From Other Governments                                                | 3,132,457                          | 27,743                              | 3,160,200              |
| Other Receivables                                                         | 407                                | 8,012                               | 8,419                  |
| Prepaid Expenses                                                          | 532,179                            | -                                   | 532,179                |
| Inventories                                                               | -                                  | 18,009                              | 18,009                 |
| <b>Total Current Assets</b>                                               | <b>\$ 16,821,968</b>               | <b>\$ 725,290</b>                   | <b>\$ 17,547,258</b>   |
| <b>Noncurrent Assets:</b>                                                 |                                    |                                     |                        |
| Land                                                                      | \$ 5,001,622                       | \$ -                                | \$ 5,001,622           |
| Site Improvements (net)                                                   | 65,426                             | -                                   | 65,426                 |
| Building & Building Improvements (net)                                    | 10,460,933                         | -                                   | 10,460,933             |
| Furniture & Equipment (net)                                               | 1,945,372                          | 303,454                             | 2,248,826              |
| Infrastructure (net)                                                      | 759,138                            | -                                   | 759,138                |
| Construction in Progress                                                  | 2,627,200                          | -                                   | 2,627,200              |
| <b>Total Noncurrent Assets</b>                                            | <b>\$ 20,859,691</b>               | <b>\$ 303,454</b>                   | <b>\$ 21,163,145</b>   |
| <b>TOTAL ASSETS</b>                                                       | <b>\$ 37,681,659</b>               | <b>\$ 1,028,744</b>                 | <b>\$ 38,710,403</b>   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                     |                                    |                                     |                        |
| Deferred Outflows Related to Pension                                      | \$ 9,094,037                       | \$ -                                | \$ 9,094,037           |
| Deferred Outflows Related to OPEB                                         | 2,778,450                          | -                                   | 2,778,450              |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>                               | <b>\$ 11,872,487</b>               | <b>\$ -</b>                         | <b>\$ 11,872,487</b>   |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>                    | <b>\$ 49,554,146</b>               | <b>\$ 1,028,744</b>                 | <b>\$ 50,582,890</b>   |
| <b>LIABILITIES</b>                                                        |                                    |                                     |                        |
| <b>Current Liabilities:</b>                                               |                                    |                                     |                        |
| Accounts Payable                                                          | \$ 637,135                         | \$ 37,439                           | \$ 674,574             |
| Current Portion - Long Term Debt                                          | 2,430,000                          | -                                   | 2,430,000              |
| Accrued Interest                                                          | 167,100                            | -                                   | 167,100                |
| Accrued Salaries and Benefits                                             | 7,097,030                          | -                                   | 7,097,030              |
| Payroll Deductions and Withholdings                                       | 64,321                             | -                                   | 64,321                 |
| Unearned Revenues                                                         | 232,472                            | 32,588                              | 265,060                |
| Other Current Liabilities                                                 | 44,111                             | -                                   | 44,111                 |
| <b>Total Current Liabilities</b>                                          | <b>\$ 10,672,169</b>               | <b>\$ 70,027</b>                    | <b>\$ 10,742,196</b>   |
| <b>Noncurrent Liabilities:</b>                                            |                                    |                                     |                        |
| Bonds Payable - Long Term Portion                                         | \$ 6,578,169                       | \$ -                                | \$ 6,578,169           |
| Net Pension Liability                                                     | 53,127,000                         | -                                   | 53,127,000             |
| Net OPEB Obligation                                                       | 11,511,847                         | -                                   | 11,511,847             |
| Compensated Absences - Long Term Portion                                  | 920,529                            | -                                   | 920,529                |
| <b>Total Noncurrent Liabilities</b>                                       | <b>\$ 72,137,545</b>               | <b>\$ -</b>                         | <b>\$ 72,137,545</b>   |
| <b>TOTAL LIABILITIES</b>                                                  | <b>\$ 82,809,714</b>               | <b>\$ 70,027</b>                    | <b>\$ 82,879,741</b>   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                      |                                    |                                     |                        |
| Deferred Inflows Related to Pension                                       | \$ 10,019,000                      | \$ -                                | \$ 10,019,000          |
| Deferred Inflows Related to OPEB                                          | 387,391                            | -                                   | 387,391                |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                                | <b>\$ 10,406,391</b>               | <b>\$ -</b>                         | <b>\$ 10,406,391</b>   |
| <b>NET POSITION</b>                                                       |                                    |                                     |                        |
| Net Investment in Capital Assets                                          | \$ 11,901,522                      | \$ 303,454                          | \$ 12,204,976          |
| Restricted - Theobald Scholarship Fund                                    | 100,153                            | -                                   | 100,153                |
| Unrestricted <Deficit>                                                    | (55,663,634)                       | 655,263                             | (55,008,371)           |
| <b>TOTAL NET POSITION (Deficit)</b>                                       | <b>\$ (43,661,959)</b>             | <b>\$ 958,717</b>                   | <b>\$ (42,703,242)</b> |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b> | <b>\$ 49,554,146</b>               | <b>\$ 1,028,744</b>                 | <b>\$ 50,582,890</b>   |

The accompanying notes are an integral part of these financial statements

**GREENSBURG SALEM SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022**

| 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                                       | \$ 29,408,742        | \$ 255,264           | \$ 9,776,560                       | \$ -                             | \$ (19,376,918)                                   |                          | \$ (19,376,918)        |
| Instructional Student Support                     | 3,089,490            | -                    | 821,182                            | -                                | (2,268,308)                                       |                          | (2,268,308)            |
| Administrative and Financial Support Services     | 2,875,781            | -                    | 357,418                            | -                                | (2,518,363)                                       |                          | (2,518,363)            |
| Operation and Maintenance of Plant Services       | 4,120,127            | 26,380               | 359,140                            | -                                | (3,734,607)                                       |                          | (3,734,607)            |
| Pupil Transportation                              | 2,597,673            | -                    | 643,913                            | -                                | (1,953,760)                                       |                          | (1,953,760)            |
| Student Activities                                | 1,033,089            | 24,451               | 123,405                            | -                                | (885,233)                                         |                          | (885,233)              |
| Community Services                                | 33,593               | -                    | -                                  | -                                | (33,593)                                          |                          | (33,593)               |
| Scholarship                                       | 970                  | -                    | -                                  | -                                | (970)                                             |                          | (970)                  |
| Capital Outlay                                    | 89,506               | -                    | -                                  | 2,627,200                        | 2,537,694                                         |                          | 2,537,694              |
| Interest on Long-Term Debt                        | 276,780              | -                    | -                                  | 127,627                          | (149,153)                                         |                          | (149,153)              |
| <b>Total Governmental Activities</b>              | <b>\$ 43,525,751</b> | <b>\$ 306,095</b>    | <b>\$ 12,081,618</b>               | <b>\$ 2,754,827</b>              | <b>\$ (28,383,211)</b>                            |                          | <b>\$ (28,383,211)</b> |
| <b>Business-Type activities:</b>                  |                      |                      |                                    |                                  |                                                   |                          |                        |
| Food Service                                      | \$ 1,502,026         | \$ 204,740           | \$ 1,821,666                       | \$ -                             | \$ -                                              | \$ 524,380               | \$ 524,380             |
| <b>Total Business-Type Activities</b>             | <b>\$ 1,502,026</b>  | <b>\$ 204,740</b>    | <b>\$ 1,821,666</b>                | <b>\$ -</b>                      | <b>\$ -</b>                                       | <b>\$ 524,380</b>        | <b>\$ 524,380</b>      |
| <b>Total Primary Government</b>                   | <b>\$ 45,027,777</b> | <b>\$ 510,835</b>    | <b>\$ 13,903,284</b>               | <b>\$ 2,754,827</b>              | <b>\$ (28,383,211)</b>                            | <b>\$ 524,380</b>        | <b>\$ (27,858,831)</b> |
| <b>General Revenues:</b>                          |                      |                      |                                    |                                  |                                                   |                          |                        |
| Taxes:                                            |                      |                      |                                    |                                  |                                                   |                          |                        |
| Property Taxes, Levied for General Purposes (net) |                      |                      |                                    |                                  | \$ 21,349,019                                     | \$ -                     | \$ 21,349,019          |
| Taxes Levied for Specific Purposes                |                      |                      |                                    |                                  | 3,669,791                                         | -                        | 3,669,791              |
| State Property Tax Relief                         |                      |                      |                                    |                                  | 829,349                                           | -                        | 829,349                |
| Basic Subsidy                                     |                      |                      |                                    |                                  | 11,245,953                                        | -                        | 11,245,953             |
| Investment Earnings                               |                      |                      |                                    |                                  | 32,159                                            | -                        | 32,159                 |
| Disposition of Fixed Assets                       |                      |                      |                                    |                                  | 2,900                                             | -                        | 2,900                  |
| <b>Total General Revenues</b>                     |                      |                      |                                    |                                  | <b>\$ 37,129,171</b>                              | <b>\$ -</b>              | <b>\$ 37,129,171</b>   |
| <b>Change in Net Assets</b>                       |                      |                      |                                    |                                  | <b>\$ 8,745,960</b>                               | <b>\$ 524,380</b>        | <b>\$ 9,270,340</b>    |
| Net Position — July 1, 2021 (Deficit)             |                      |                      |                                    |                                  | (52,407,919)                                      | 434,337                  | (51,973,582)           |
| <b>Net Position — June 30, 2022 (Deficit)</b>     |                      |                      |                                    |                                  | <b>\$ (43,661,959)</b>                            | <b>\$ 958,717</b>        | <b>\$ (42,703,242)</b> |

The accompanying notes are an integral part of these financial statements

**GREENSBURG SALEM SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2022**

**EXHIBIT C**

|                                                                                | <b>GENERAL<br/>FUND</b> | <b>NONMAJOR<br/>GOVERNMENTAL<br/>FUNDS</b> | <b>TOTAL<br/>GOVERNMENTAL<br/>FUNDS</b> |
|--------------------------------------------------------------------------------|-------------------------|--------------------------------------------|-----------------------------------------|
| <b>ASSETS:</b>                                                                 |                         |                                            |                                         |
| Cash and Cash Equivalents                                                      | \$ 9,684,731            | \$ 438,304                                 | \$ 10,123,035                           |
| Investments                                                                    | 2,052,017               | 94,719                                     | 2,146,736                               |
| Taxes Receivable, net                                                          | 889,680                 | -                                          | 889,680                                 |
| Due From Other Governments                                                     | 3,132,457               | -                                          | 3,132,457                               |
| Other Receivables                                                              | 407                     | -                                          | 407                                     |
| Prepaid Expenses                                                               | 532,179                 | -                                          | 532,179                                 |
| <b>TOTAL ASSETS</b>                                                            | <b>\$ 16,291,471</b>    | <b>\$ 533,023</b>                          | <b>\$ 16,824,494</b>                    |
| <br><b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>       |                         |                                            |                                         |
| <b>LIABILITIES:</b>                                                            |                         |                                            |                                         |
| Accounts Payable                                                               | \$ 632,335              | \$ 4,800                                   | \$ 637,135                              |
| Accrued Salaries and Benefits                                                  | 7,097,030               | -                                          | 7,097,030                               |
| Payroll Deductions and Withholdings                                            | 64,321                  | -                                          | 64,321                                  |
| Due to Other Funds                                                             | 2,526                   | -                                          | 2,526                                   |
| Unearned Revenues                                                              | 232,472                 | -                                          | 232,472                                 |
| Other Current Liabilities                                                      | 44,111                  | -                                          | 44,111                                  |
| <b>TOTAL LIABILITIES</b>                                                       | <b>\$ 8,072,795</b>     | <b>\$ 4,800</b>                            | <b>\$ 8,077,595</b>                     |
| <br><b>DEFERRED INFLOWS OF RESOURCES:</b>                                      |                         |                                            |                                         |
| Delinquent Real Estate Taxes                                                   | \$ 750,000              | \$ -                                       | \$ 750,000                              |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                                     | <b>\$ 750,000</b>       | <b>\$ -</b>                                | <b>\$ 750,000</b>                       |
| <br><b>FUND BALANCES:</b>                                                      |                         |                                            |                                         |
| Nonspendable                                                                   | \$ 532,179              | \$ -                                       | \$ 532,179                              |
| Restricted                                                                     | -                       | 100,153                                    | 100,153                                 |
| Assigned                                                                       | 3,009,414               | 428,070                                    | 3,437,484                               |
| Unassigned                                                                     | 3,927,083               | -                                          | 3,927,083                               |
| <b>TOTAL FUND BALANCES</b>                                                     | <b>\$ 7,468,676</b>     | <b>\$ 528,223</b>                          | <b>\$ 7,996,899</b>                     |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND FUND BALANCES</b> | <b>\$ 16,291,471</b>    | <b>\$ 533,023</b>                          | <b>\$ 16,824,494</b>                    |

The accompanying notes are an integral part of these financial statements



**GREENSBURG SALEM SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

**Total Fund Balances - Governmental Funds** **\$ 7,996,899**

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 \$80,442,961 and the accumulated depreciation is \$59,583,270. 20,859,691

Property and wage taxes receivable in the statement of net position, which will not be available soon enough to pay for the current period's expenditures, are deferred and not recognized as revenue in governmental funds. 750,000

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

Deferred outflows of resources related to pensions 9,094,037

Deferred outflows of resources related to OPEB 2,778,450

Deferred inflows of resources related to pensions (10,019,000)

Deferred inflows of resources related to OPEB (387,391)

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

|                                 |              |              |
|---------------------------------|--------------|--------------|
| Bonds payable                   | \$ 8,355,000 |              |
| Accrued interest on the bonds   | 167,100      |              |
| Unamortized bond discount costs | (31,776)     |              |
| Bond premiums                   | 634,945      |              |
| Net Pension Liability           | 53,127,000   |              |
| Net OPEB liability              | 11,511,847   |              |
| Compensated absences            | 970,529      |              |
|                                 | 970,529      | (74,734,645) |

**TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES <Deficit>** **\$ (43,661,959)**

**GREENSBURG SALEM SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

|                                                              | <u>GENERAL FUND</u>  | <u>NONMAJOR<br/>GOVERNMENTAL<br/>FUNDS</u> | <u>TOTAL<br/>GOVERNMENTAL<br/>FUNDS</u> |
|--------------------------------------------------------------|----------------------|--------------------------------------------|-----------------------------------------|
| <b>REVENUES</b>                                              |                      |                                            |                                         |
| Local Sources                                                | \$ 26,192,820        | \$ 1,016                                   | \$ 26,193,836                           |
| State Sources                                                | 19,764,303           | -                                          | 19,764,303                              |
| Federal Sources                                              | 6,300,394            | -                                          | 6,300,394                               |
| <b>Total Revenue</b>                                         | <b>\$ 52,257,517</b> | <b>\$ 1,016</b>                            | <b>\$ 52,258,533</b>                    |
| <b>EXPENDITURES</b>                                          |                      |                                            |                                         |
| Instruction                                                  | \$ 31,057,220        | \$ -                                       | \$ 31,057,220                           |
| Support Services                                             | 12,624,857           | -                                          | 12,624,857                              |
| Noninstructional Services                                    | 1,114,413            | -                                          | 1,114,413                               |
| Capital Outlay                                               | 2,627,200            | 400,330                                    | 3,027,530                               |
| Debt Service                                                 | 3,626,548            | -                                          | 3,626,548                               |
| <b>Total Expenditures</b>                                    | <b>\$ 51,050,238</b> | <b>\$ 400,330</b>                          | <b>\$ 51,450,568</b>                    |
| <b>Excess ( Deficiency) of Revenue<br/>over Expenditures</b> | <b>\$ 1,207,279</b>  | <b>\$ (399,314)</b>                        | <b>\$ 807,965</b>                       |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                      |                                            |                                         |
| Operating Transfers In                                       | \$ -                 | \$ 381,584                                 | \$ 381,584                              |
| Operating Transfers Out                                      | (381,584)            | -                                          | (381,584)                               |
| Insurance Recoveries                                         | 9,250                | -                                          | 9,250                                   |
| <b>Total Other Financing Sources (Uses)</b>                  | <b>\$ (372,334)</b>  | <b>\$ 381,584</b>                          | <b>\$ 9,250</b>                         |
| <b>NET CHANGE IN FUND BALANCES</b>                           | <b>\$ 834,945</b>    | <b>\$ (17,730)</b>                         | <b>\$ 817,215</b>                       |
| FUND BALANCE - JULY 1, 2021                                  | 6,633,731            | 545,953                                    | 7,179,684                               |
| <b>FUND BALANCE - JUNE 30, 2022</b>                          | <b>\$ 7,468,676</b>  | <b>\$ 528,223</b>                          | <b>\$ 7,996,899</b>                     |

The accompanying notes are an integral part of these financial statements

**GREENSBURG SALEM SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** **\$ 817,215**

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$2,991,699) exceeds depreciation expenses (\$1,175,675) in the period. 1,816,024

Proceeds from the disposition of fixed assets are reflected as revenues in the governmental funds, however these proceeds are netted against the net book value of fixed assets to determine gain or loss on the disposition of assets in the government-wide financial statements. 2,899

Governmental funds report district pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. 3,018,998

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 3,215,000

Bond premiums are reported in governmental funds as revenues. However, in the statement of activities, this amount is capitalized and is accreted over the life of the bond issue as interest expense. 206,826

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. 33,500

Bond discount costs are reported in governmental funds as expenditures. However, in the statement of activities, these costs are capitalized and amortized over the life of the bond issue and charged to interest expense. (11,643)

In the statement of activities, certain operating expenses - compensated absences and retiree health benefits - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid). This year, compensated absences and retiree health benefits earned exceeded the amount paid. (352,859)

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** **\$ 8,745,960**

The accompanying notes are an integral part of these financial statements

**GREENSBURG SALEM SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES, BUDGET AND ACTUAL**  
**GOVERNMENTAL FUNDS - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2022**

|                                                               | Budgeted Amounts     |                      | Actual               | Variance with<br>Final Budget |
|---------------------------------------------------------------|----------------------|----------------------|----------------------|-------------------------------|
|                                                               | Original             | Final                | (Budgetary Basis)    | Positive<br>(Negative)        |
| <b><u>REVENUES</u></b>                                        |                      |                      |                      |                               |
| Local Sources                                                 | \$ 25,199,857        | \$ 25,199,857        | \$ 26,192,820        | \$ 992,963                    |
| State Sources                                                 | 19,716,885           | 19,716,885           | 19,764,303           | 47,418                        |
| Federal Sources                                               | 2,509,915            | 2,509,915            | 6,300,394            | 3,790,479                     |
| <b>Total Revenues</b>                                         | <b>\$ 47,426,657</b> | <b>\$ 47,426,657</b> | <b>\$ 52,257,517</b> | <b>\$ 4,830,860</b>           |
| <b><u>EXPENDITURES</u></b>                                    |                      |                      |                      |                               |
| Regular Programs                                              | \$ 21,417,702        | \$ 21,417,702        | \$ 23,250,008        | \$ (1,832,306)                |
| Special Programs                                              | 7,444,294            | 7,444,294            | 6,825,444            | 618,850                       |
| Vocational Programs                                           | 605,774              | 605,774              | 605,774              | -                             |
| Other Instructional Programs                                  | 194,771              | 194,771              | 353,342              | (158,571)                     |
| Nonpublic School Programs                                     | 22,348               | 22,348               | 22,652               | (304)                         |
| Pupil Personnel Services                                      | 1,131,137            | 1,131,137            | 1,133,986            | (2,849)                       |
| Instructional Staff Services                                  | 2,050,243            | 2,050,243            | 1,561,158            | 489,085                       |
| Administrative Services                                       | 2,595,204            | 2,595,204            | 2,439,126            | 156,078                       |
| Pupil Health                                                  | 597,148              | 597,148              | 548,118              | 49,030                        |
| Business Services                                             | 395,041              | 395,041              | 410,681              | (15,640)                      |
| Operation & Maintenance of Plant Services                     | 3,691,006            | 3,691,006            | 3,677,711            | 13,295                        |
| Student Transportation Services                               | 2,780,049            | 2,780,049            | 2,605,412            | 174,637                       |
| Central Services                                              | 267,684              | 267,684              | 237,287              | 30,397                        |
| Other Support Services                                        | 11,336               | 11,336               | 11,378               | (42)                          |
| Student Activities                                            | 1,162,023            | 1,162,023            | 1,079,850            | 82,173                        |
| Community Services                                            | 15,294               | 15,294               | 33,593               | (18,299)                      |
| Scholarship                                                   | -                    | -                    | 970                  | (970)                         |
| Capital Outlay                                                | -                    | -                    | 2,627,200            | (2,627,200)                   |
| Debt Service                                                  | 3,256,022            | 3,256,022            | 3,626,548            | (370,526)                     |
| <b>Total Expenditures</b>                                     | <b>\$ 47,637,076</b> | <b>\$ 47,637,076</b> | <b>\$ 51,050,238</b> | <b>\$ (3,413,162)</b>         |
| <b>Excess ( Deficiency) of Revenues<br/>over Expenditures</b> | <b>\$ (210,419)</b>  | <b>\$ (210,419)</b>  | <b>\$ 1,207,279</b>  | <b>\$ 1,417,698</b>           |
| <b><u>OTHER FINANCING SOURCES (USES)</u></b>                  |                      |                      |                      |                               |
| Budgetary Reserve                                             | \$ (100,000)         | \$ (100,000)         | \$ -                 | \$ 100,000                    |
| Insurance Recoveries                                          | -                    | -                    | 9,250                | 9,250                         |
| Interfund Transfers Out                                       | (381,584)            | (381,584)            | (381,584)            | -                             |
| <b>Total Other Financing Sources (Uses)</b>                   | <b>\$ (481,584)</b>  | <b>\$ (481,584)</b>  | <b>\$ (372,334)</b>  | <b>\$ 109,250</b>             |
| <b>NET CHANGE IN FUND BALANCES</b>                            | <b>\$ (692,003)</b>  | <b>\$ (692,003)</b>  | <b>\$ 834,945</b>    | <b>\$ 1,526,948</b>           |
| FUND BALANCE - JULY 1, 2021                                   | 5,184,514            | 5,184,514            | 6,633,731            | 1,449,217                     |
| <b>FUND BALANCE - JUNE 30, 2022</b>                           | <b>\$ 4,492,511</b>  | <b>\$ 4,492,511</b>  | <b>\$ 7,468,676</b>  | <b>\$ 2,976,165</b>           |

The accompanying notes are an integral part of these financial statements

**GREENSBURG SALEM SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2022**

|                                           | <b><u>FOOD<br/>SERVICES</u></b> |
|-------------------------------------------|---------------------------------|
| <b>ASSETS</b>                             |                                 |
| <b>Current Assets:</b>                    |                                 |
| Cash and Cash Equivalents                 | \$ 669,000                      |
| Due From Other Funds                      | 2,526                           |
| Due From Other Governments                | 27,743                          |
| Other Receivables                         | 8,012                           |
| Inventories                               | 18,009                          |
| <b>TOTAL CURRENT ASSETS</b>               | <b><u>\$ 725,290</u></b>        |
| <b>Noncurrent Assets:</b>                 |                                 |
| Furniture and Equipment (Net)             | \$ 303,454                      |
| <b>TOTAL NONCURRENT ASSETS</b>            | <b><u>\$ 303,454</u></b>        |
| <b>TOTAL ASSETS</b>                       | <b><u>\$ 1,028,744</u></b>      |
| <br><b>LIABILITIES</b>                    |                                 |
| <b>Current Liabilities:</b>               |                                 |
| Accounts Payable                          | \$ 37,439                       |
| Unearned Revenues                         | 32,588                          |
| <b>TOTAL CURRENT LIABILITIES</b>          | <b><u>\$ 70,027</u></b>         |
| <b>TOTAL LIABILITIES</b>                  | <b><u>\$ 70,027</u></b>         |
| <br><b>NET POSITION</b>                   |                                 |
| Net Investment in Capital Assets          | \$ 303,454                      |
| Unrestricted                              | 655,263                         |
| <b>TOTAL NET POSITION</b>                 | <b><u>\$ 958,717</u></b>        |
| <b>TOTAL LIABILITIES AND NET POSITION</b> | <b><u>\$ 1,028,744</u></b>      |

The accompanying notes are an integral part of these financial statements

**GREENSBURG SALEM SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

|                                                | <b><u>FOOD SERVICES</u></b> |
|------------------------------------------------|-----------------------------|
| <b><u>OPERATING REVENUES</u></b>               |                             |
| Food Services Revenue                          | \$ 204,740                  |
| <b>Total Operating Revenues</b>                | <b>\$ 204,740</b>           |
| <b><u>OPERATING EXPENSES</u></b>               |                             |
| Purchased Professional and Technical Services  | \$ 6,830                    |
| Other Purchased Services                       | 1,368,564                   |
| Supplies                                       | 110,689                     |
| Other Objects                                  | 250                         |
| Depreciation                                   | 15,693                      |
| <b>Total Operating Expenses</b>                | <b>\$ 1,502,026</b>         |
| <br>                                           |                             |
| <b>OPERATING INCOME/(LOSS)</b>                 | <b>\$ (1,297,286)</b>       |
| <br>                                           |                             |
| <b><u>NONOPERATING REVENUES (EXPENSES)</u></b> |                             |
| State sources                                  | \$ 48,968                   |
| Federal sources                                | 1,772,698                   |
| <b>Total Nonoperating Revenues (Expenses)</b>  | <b>\$ 1,821,666</b>         |
| <br>                                           |                             |
| <b>CHANGE IN NET POSITION</b>                  | <b>\$ 524,380</b>           |
| <br>                                           |                             |
| NET POSITION - JULY 1, 2021                    | 434,337                     |
| <br>                                           |                             |
| NET POSITION - JUNE 30, 2022                   | <b>\$ 958,717</b>           |

The accompanying notes are an integral part of these financial statements

**GREENSBURG SALEM SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

|                                                                                                                 | <b><u>FOOD<br/>SERVICES</u></b>     |
|-----------------------------------------------------------------------------------------------------------------|-------------------------------------|
| <b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>                                                              |                                     |
| Cash Received from Users                                                                                        | \$ 208,835                          |
| Cash Payments to Suppliers for Goods and Services                                                               | (1,390,926)                         |
| <b>Net Cash (Used for) Operating Activities</b>                                                                 | <b><u>\$ (1,182,091)</u></b>        |
| <b><u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u></b>                                                  |                                     |
| State Sources                                                                                                   | \$ 48,902                           |
| Federal Sources                                                                                                 | 1,667,767                           |
| <b>Net Cash Provided by Non-Capital Financing Activities</b>                                                    | <b><u>\$ 1,716,669</u></b>          |
| <b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>                                          |                                     |
| Capital Outlay                                                                                                  | \$ (59,084)                         |
| <b>Net Cash (Used for) Capital and Related Financing Activities</b>                                             | <b><u>\$ (59,084)</u></b>           |
| <b>NET INCREASE &lt;DECREASE&gt; IN CASH AND CASH EQUIVALENTS</b>                                               | <b>\$ 475,494</b>                   |
| CASH AND CASH EQUIVALENTS - JULY 1, 2021                                                                        | <u>193,506</u>                      |
| <b>CASH AND CASH EQUIVALENTS - JUNE 30, 2022</b>                                                                | <b><u><u>\$ 669,000</u></u></b>     |
| <b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH<br/>PROVIDED (USED) BY OPERATING ACTIVITIES</u></b> |                                     |
| Operating Income (Loss)                                                                                         | \$ (1,297,286)                      |
| <b>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS)<br/>TO NET CASH (USED FOR) OPERATING ACTIVITIES:</b>        |                                     |
| Depreciation                                                                                                    | 15,693                              |
| Other Adjustments - Donated Commodities                                                                         | 99,124                              |
| (Increase) Decrease in Advances from Other Funds                                                                | (2,526)                             |
| (Increase) Decrease in Accounts Receivable                                                                      | 4,095                               |
| (Increase) Decrease in Inventories                                                                              | (11,451)                            |
| Increase (Decrease) in Accounts Payable                                                                         | 1,531                               |
| Increase (Decrease) in Unearned Revenue                                                                         | 8,729                               |
| <b>Total Adjustments</b>                                                                                        | <b><u>\$ 115,195</u></b>            |
| <b>Net Cash (Used for) Operating Activities</b>                                                                 | <b><u><u>\$ (1,182,091)</u></u></b> |

**NONCASH NONCAPITAL FINANCING ACTIVITIES:**

During the year, the District received \$99,124 of food commodities from the U.S. Department of Agriculture.

The accompanying notes are an integral part of these financial statements

**GREENSBURG SALEM SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2022**

|                           | <b>STUDENT<br/>ACTIVITY<br/>CUSTODIAL<br/>FUNDS</b> |
|---------------------------|-----------------------------------------------------|
| <b>ASSETS</b>             |                                                     |
| Cash and Cash Equivalents | \$ 126,924                                          |
| <b>TOTAL ASSETS</b>       | <b>\$ 126,924</b>                                   |
| <b>LIABILITIES</b>        |                                                     |
| Other Current Liabilities | \$ -                                                |
| <b>TOTAL LIABILITIES</b>  | <b>\$ -</b>                                         |
| <b>NET POSITION</b>       |                                                     |
| Restricted                | \$ 126,924                                          |
| <b>TOTAL NET POSITION</b> | <b>\$ 126,924</b>                                   |

The accompanying notes are an integral part of these financial statements



**GREENSBURG SALEM SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

|                                         | <b>STUDENT<br/>ACTIVITY<br/>CUSTODIAL<br/>FUNDS</b> |
|-----------------------------------------|-----------------------------------------------------|
| <b>ADDITIONS</b>                        |                                                     |
| Student Club Organizations Receipts     | \$ 252,278                                          |
| <b>TOTAL ADDITIONS</b>                  | <b>\$ 252,278</b>                                   |
| <br>                                    |                                                     |
| <b>DEDUCTIONS</b>                       |                                                     |
| Student Club Organization Disbursements | \$ 241,214                                          |
| <b>TOTAL DEDUCTIONS</b>                 | <b>\$ 241,214</b>                                   |
| <br>                                    |                                                     |
| <b>CHANGE IN NET POSITION</b>           | <b>\$ 11,064</b>                                    |
| <br>                                    |                                                     |
| NET POSITION - JULY 1, 2021             | 115,860                                             |
| <br>                                    |                                                     |
| <b>NET POSITION - JUNE 30, 2022</b>     | <b>\$ 126,924</b>                                   |

The accompanying notes are an integral part of these financial statements

**GREENSBURG SALEM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

**REPORTING ENTITY**

The Greensburg Salem School District was established under the authority of an act of the state legislature that designated a school board as the governing body. This district serves the surrounding municipalities that include the City of Greensburg, the Township of Salem, and the Boroughs of Delmont (Annex), South Greensburg and South-West Greensburg. The School District operates under a locally elected nine-member Board form of government and provides educational services as mandated by the Commonwealth of Pennsylvania and selected federal agencies. The Board of Education has complete authority over the operations and administration of the school district's activities.

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

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

- Jointly Governed Organizations:
  - Central Westmoreland Career and Technology Center
  - Westmoreland Intermediate Unit #7
  
- Public Entity Risk Pool:
  - Westmoreland County Public School Healthcare Consortium

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

**FINANCIAL STATEMENT PRESENTATION**

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

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

**GREENSBURG SALEM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

**FINANCIAL STATEMENT PRESENTATION (Continued)**

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

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

**BASIS OF ACCOUNTING AND MEASUREMENT FOCUS**

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

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

Fiduciary funds are reported using the economic resources measurement focus.

**GREENSBURG SALEM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

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

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

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

The management of the Greensburg Salem School District has determined that the revenues most susceptible to accrual (measurable and available) at June 30, 2022 under the modified accrual basis are **1)** certain Act 511 taxes collected by the district within 30 days following the close of the fiscal year, **2)** federal and state subsidies earned in the fiscal year 2021-2022, and **3)** other miscellaneous revenues earned in fiscal year 2021-2022 but received subsequent to June 30, 2022. On the governmental fund financial statements, delinquent real estate taxes receivables that will not be collected within the 'available' period have been reported as 'deferred inflows of resources'.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. The primary expenditures deemed susceptible to accrual at June 30, 2022, are those for which the Board of Education's intention was to expense these items as budgeted for the 2021-2022 official budget, and for which the District has incurred an obligation, but has not paid as of June 30, 2022.

Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds but are included as part of expenses in the government-wide statement of activities. Unused donated commodities are reported as unearned revenue.

**FUND ACCOUNTING**

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

**GREENSBURG SALEM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

**FUND ACCOUNTING (Continued)**

**Governmental Funds** – Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

**MAJOR GOVERNMENTAL FUNDS:**

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

**NONMAJOR GOVERNMENTAL FUNDS:**

**THEOBALD SCHOLARSHIP FUND (SPECIAL REVENUE FUND)** – The Theobald scholarship fund was established to provide scholarships to eligible District students.

**CAPITAL PROJECT FUND** - The capital project fund accounts for financial resources used for the acquisition, construction, or improvement of capital facilities and other assets financed through the issuance of general obligation bonds.

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

**Fiduciary Funds** – Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Custodial funds report fiduciary activities that are not held in a Trust or equivalent arrangement that meets specific criteria. The School District reports one student activity custodial fund to account for various student organization activity accounts administered by the School District on behalf of the student organizations.

**GREENSBURG SALEM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

**BUDGETS**

On June 23, 2021, the Greensburg Salem District adopted its fiscal year June 30, 2022 annual budget for the General Fund totaling \$48,118,660, in accordance with the provisions of the Pennsylvania School Code. The budget is prepared utilizing the modified accrual method of accounting. The original and adjusted budgetary amounts are reflected in these financial statements (Exhibit G). Actual expenditures of the General Fund exceeded budgeted expenditures for 2021-2022. All annual appropriations of the general fund lapse at fiscal year-end.

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

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

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include amounts in demand deposit accounts and any other highly liquid, short-term investments, with original maturity terms of less than three months.

**INVESTMENTS**

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

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

**GREENSBURG SALEM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

**INVESTMENTS (Continued):**

Investments of the Greensburg Salem School District include deposits pooled for investment purposes with the Pennsylvania Local Government Investment Trust (PLGIT). Investments are reported at amortized cost which approximates fair value. There were no deposit and investment transactions during the year that were in violation of state statutes.

**SHORT-TERM INTERFUND RECEIVABLES/PAYABLES**

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

**INVENTORIES**

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

**CAPITAL ASSETS AND DEPRECIATION**

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

All capital assets are recorded at cost (or estimated historical cost). Donated fixed assets are recorded at fair value at the time of receipt. The School District maintains a capitalization threshold of \$5,000. The School District does not have any infrastructure. Routine repair and maintenance costs that do not add to the value of the asset or extend its useful life are charged as an expense in the government-wide statement of activities. All reported capital assets, except land and construction in progress, are depreciated using the straight-line method using 1/2 year convention over the following useful lives:

| <b><u>CATEGORY</u></b>     | <b><u>ESTIMATED LIVES</u></b> |
|----------------------------|-------------------------------|
| Site Improvements          | 20 years                      |
| Buildings and Improvements | 20-50 Years                   |
| Furniture and Equipment    | 5-20 years                    |
| Vehicles                   | 8 Years                       |
| Library Books and Software | 6 Years                       |

**GREENSBURG SALEM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

**CAPITAL ASSETS AND DEPRECIATION (Continued)**

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

**LONG-TERM DEBT FINANCING COSTS**

Bond and note issue costs are recorded as expenditures in the governmental fund financial statements in the year paid. The School District did not incur any bond/note closing costs during the 2021-2022 fiscal year.

**COMPENSATED ABSENCES**

The School District reports compensated absences in accordance with the provisions of GASB Statements. Vacation benefits are accrued based on the District employee’s current rate of pay multiplied by the number of unused vacation days earned, within certain parameters, as described in the District’s various collective bargaining agreements. Sick leave benefits are accrued as a liability at the time individuals become eligible for retirement in accordance with the terms of the District’s collective bargaining agreements. District employees are entitled to the following rate of reimbursement for each day of accumulated leave:

|                                      | <b>Days Per<br/>Year</b> | <b>Rate<br/>Per Day</b> |
|--------------------------------------|--------------------------|-------------------------|
| Administrators                       | 13                       | \$100/day               |
| Support Service Personnel            | 13                       | \$50/day                |
| Teachers                             | 10                       | \$50/day                |
| Secretaries and Aides                | 13                       | \$25/day                |
| Custodians and Maintenance Personnel | 12                       | \$25/day                |

Un-used sick days accumulate indefinitely. Employees are also entitled to two (2) personal days per year, which if unused, are added to the employee’s un-used sick day amount in the following year. Administrators with five (5) or more years of administrative service within the District are entitled to a third personal day. The entire compensated absences liability of \$970,529 is shown in the government-wide statement of net position (Exhibit A) as follows:

|               | <b>Long<br/>Term</b> | <b>Short<br/>Term</b> | <b>Total</b>      |
|---------------|----------------------|-----------------------|-------------------|
| Vacation Days | \$ 213,690           | \$ 6,000              | \$ 219,690        |
| Sick Days     | 706,839              | 44,000                | 750,839           |
|               | <b>\$ 920,529</b>    | <b>\$ 50,000</b>      | <b>\$ 970,529</b> |

For governmental fund financial statements, compensated absences are recorded as expenditures when paid rather than accrued when earned as the likelihood of payment in the immediate fiscal year with available expendable resources is not assured.



**GREENSBURG SALEM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

**PENSIONS**

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

**OTHER POSTEMPLOYMENT BENEFITS**

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

**ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS**

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

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

**UNEARNED REVENUE**

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

**GREENSBURG SALEM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

**DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

In addition to assets, the financial statements 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 position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The School District has one item that qualifies for reporting in this category. It is deferred outflows related to the School District's pension and OPEB plans, which are reported on the statement of net position (Exhibit A).

In addition to liabilities, the financial statements 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 position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The School District has two items that qualify for reporting in this category. They are delinquent real estate taxes reported on the governmental funds balance sheet (Exhibit C), and deferred inflows related to the School District's pension and OPEB plans, reported on the statement of net position (Exhibit A).

**NET POSITION**

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

- Net Investment in Capital Assets – This component of net position consists of capital assets net of accumulated depreciation, and reduced by the outstanding balances of debt that is attributable to the acquisition, construction and improvement of the capital assets, plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted Net Position – This component of net position consists of restricted assets reduced by liabilities and deferred inflows related to those assets. The District's restricted net position of \$100,153 represents monies on hand with First National Bank dedicated for the Theobald Scholarship Fund.
- Unrestricted – Consists of net position that does not meet the definition of 'restricted' or 'net investment in capital assets'. As of June 30, 2022, the District maintained a deficit unrestricted net position of \$55,008,371.

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

**FUND EQUITY**

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

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory and prepaid expenses) or are required to be maintained intact. As of June 30, 2022, the District had prepaid expenses totaling \$532,179.

**GREENSBURG SALEM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

**FUND EQUITY (Continued)**

- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and high levels of government), through constitutional provisions, or by enabling legislation. The District's restricted fund balance of \$100,153 represents monies on hand with First National Bank dedicated for the Theobald Scholarship Fund.
- Committed fund balance – amounts constrained to specific purposes by the School District itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the School District takes the same highest-level action to remove or change the constraint.
- Assigned fund balance – amounts the School District intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. The District's General Fund assigned fund balance of \$3,009,414 as of June 30, 2022, is for future construction/capital projects and debt service.
- Unassigned fund balance – amounts that are available for any purpose.

Act 48 of 2003 prohibits school districts from increasing real property taxes beyond the annual index increase permitted by law, unless the school district has adopted a budget for such school year that includes an estimated ending unassigned fund balance which is not more than a specified percentage of the district's total budgeted expenditures. For the Greensburg Salem School District, estimated ending unassigned fund balance must not exceed 8% of total budgeted expenditures.

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

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

**ESTIMATES**

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

**OPERATING REVENUES AND EXPENSES**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Greensburg Salem School District, these revenues are food service charges for lunch and breakfast service. Operating expenses are the necessary costs incurred to provide the aforementioned food service. Non-operating revenues of the District's food service proprietary fund are state and federal subsidies, including donated commodities, received from the U.S. Department of Agriculture. The District did not have non-operating expenses during the fiscal year.

**GREENSBURG SALEM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

**ADOPTION OF GASB PRONOUNCEMENTS**

The requirements of the following GASB Statement were adopted for the School District's 2021-2022 financial statements:

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

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

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

In addition, the Statement addresses various topics and includes specific provisions concerning the following:

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

**GASB issued Statement No. 93, 'Replacement of Interbank Offered Rates'.** The primary objectives of this Statement are to address the accounting and financial reporting implications that result from the replacement of an interbank offering rate (IBOR).

**GASB issued Statement No. 97, 'Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans'.** The primary objectives of this Statement are to 1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; 2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans as fiduciary component units in fiduciary fund financial statements; and 3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensations plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

**GASB issued Statement No. 98, 'The Annual Comprehensive Financial Report'.** This Statement establishes the term *annual comprehensive financial report and its acronym ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments.

**GREENSBURG SALEM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

**PENDING GASB PRONOUNCEMENTS**

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

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

**GASB issued Statement No. 96, 'Subscription-Based Information Technology Arrangements'.** The primary objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. The provisions of this Statement are effective for the School District's June 30, 2023 financial statements.

**GASB issued Statement No 99, 'Omnibus 2022'.** The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset.
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt.

**GREENSBURG SALEM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

**PENDING GASB PRONOUNCEMENTS (Continued)**

**GASB issued Statement No 99 (Continued)**

- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP)
- Disclosures related to nonmonetary transactions.
- Pledges of future revenues when resources are not received by the pledging government.
- Clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements.
- Terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position
- Terminology used in Statement 53 to refer to resource flows statements.

The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.

The requirements related to leases, PPPs, and SBITAs are effective for the School District’s June 30, 2023 financial statements.

The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for the School District’s June 30, 2024 financial statements.

**GASB issued Statement No 100, ‘Accounting Changes and Error Correction’.** The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The provisions of this Statement are effective for the School District’s June 30, 2024 financial statements.

**GASB issued Statement No 101, ‘Compensated Absences’.** The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The provisions of this Statement are effective for the School District’s June 30, 2025 financial statements.

The effects of implementing these Statements on the School District’s financial statements have not yet been determined.

**GREENSBURG SALEM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS**

**CASH DEPOSITS:**

At June 30, 2022, Greensburg Salem School District had the following carrying values on its cash and cash equivalents accounts:

|                     | <u>Bank Balance</u>  | <u>Carrying Value</u> |
|---------------------|----------------------|-----------------------|
| General Fund        | \$ 10,124,773        | \$ 9,684,731          |
| Nonmajor Funds      | 438,304              | 438,304               |
| Nonmajor Funds - CD | 94,719               | 94,719                |
| Proprietary Fund    | 669,846              | 669,000               |
| Fiduciary Fund      | 139,422              | 126,924               |
|                     | <u>\$ 11,467,064</u> | <u>\$ 11,013,678</u>  |

Due to its maturity term, the above Nonmajor Fund certificate of deposit totaling \$94,633 is shown as an investment in the accompanying financial statements. The difference between the bank balance and the carrying value represents year-end reconciling items such as deposits in transit, outstanding checks, and petty cash. The Federal Deposit Insurance Corporation (FDIC) coverage threshold for government accounts is \$250,000 per official custodian. This coverage includes checking and savings accounts, money market deposit accounts, and certificates of deposit.

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District's investment policy complies with Section 440.1 of the Public School Code of 1949 with the primary objectives being safety, liquidity and yield. As of June 30, 2022, \$11,217,064 of the School District's bank balance total is exposed to custodial credit risk as this amount represents uninsured deposits collateralized with securities held by the pledging financial institution or by its trust department or agent, but not in the School District's name. The District's investment policy requires a written safe-keeping agreement and/or Act 72 agreement with each financial institution acting as depository. In accordance with Act Number 72-1971 Session of the Commonwealth of Pennsylvania, the aforementioned deposits, in excess of \$250,000, are collateralized by securities pledged to a pooled public funds account with the Federal Reserve System.

**INVESTMENTS:**

The fair value and maturity term of the District's investments as of June 30, 2022, are as follows:

|                      | <u>Fair Value</u>   | <u>No Stated<br/>Maturity</u> |
|----------------------|---------------------|-------------------------------|
| <b>Governmental:</b> |                     |                               |
| PLGIT                | <u>\$ 2,052,017</u> | <u>\$ 2,052,017</u>           |

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

**GREENSBURG SALEM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS**

**INVESTMENTS (Continued):**

The purpose of the Pennsylvania Local Government Investment Trust (PLGIT) is to enable their available funds for investments authorized under the Intergovernmental Cooperation Act of 1972. The funds operate in a manner consistent with the SEC's Rule 2(a)7 of the Investment Company Act of 1940. The funds use amortized cost to report net position to compute share prices. These funds maintain net asset values of \$1 per share. Accordingly, the fair value of the position in these funds is the same as the value of these shares.

**Custodial Credit Risk:**

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The District's investments in PLGIT, which have the characteristics of open-end mutual funds, and are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. Investments with Wells Fargo Bank are held in a collateralized bank deposit account. The School District does not have a policy that would limit its investment choices to those with certain credit ratings.

**Interest Rate Risk:**

The School District has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk:**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District has no formal policy, in addition to the requirements of the Pennsylvania School Code that limits its investment choices based on credit ratings by nationally recognized rating organizations. As of June 30, 2022, PLGIT was rated AAAM by the Standard & Poors nationally recognized statistical rating organization.

**NOTE 3 - PROPERTY TAXES**

The Greensburg Salem School District levies property taxes July 1 of each fiscal year. The tax millage assessment for the 2021-2022 fiscal year was 89.72 mills, which represents \$89.72 of revenue for every \$1,000 of assessed property value. Taxpayers are entitled to a 2% discount if taxes are paid prior to October 1st. Collections beginning December 1st are assessed a 10% penalty. Unpaid taxes are submitted to the Westmoreland County Tax Claim Bureau for collection. Tax collectors are required under Act 169 of the Commonwealth of Pennsylvania to submit a reconciliation of their tax duplicate to the District by January 15<sup>th</sup> of the year following levy.

Taxes receivable as shown in the government-wide statement of net position includes delinquent property taxes of 2,014,229 net of an allowance for doubtful accounts of \$1,264,229. The allowance amount represents management's estimate of prior year property taxes considered un-collectible based on past collection experience. For purposes of the governmental fund financial statements, \$750,000 of the above property taxes receivable (net), although measurable, does not meet the available criteria to finance current fiscal year operations. Accordingly, this amount is equally off set as a credit to deferred inflows of resources in the fund financial statements.



**GREENSBURG SALEM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

The effect of recognizing property tax revenue when taxes are levied, as opposed to when they are received using the 'measurable and available' criteria under the modified accrual basis of accounting, is reflected in the required reconciliations of fund balance to net position (Exhibit D) and the changes in fund balances to the changes in net position (Exhibit F). Taxes receivable are comprised of the following at June 30, 2022:

|                                |           |                |
|--------------------------------|-----------|----------------|
| Delinquent Property Taxes (Net | \$        | 750,000        |
| Wage Taxes and LST Taxes       |           | 91,608         |
| Deed Transfer Taxes            |           | 48,072         |
|                                |           | 48,072         |
|                                | <b>\$</b> | <b>889,680</b> |

**NOTE 4 – DUE FROM OTHER GOVERNMENTS**

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

|                                     |           |                  |
|-------------------------------------|-----------|------------------|
| Commonwealth of Pennsylvania:       |           |                  |
| State Subsidies                     | \$        | 1,641,925        |
| Federal Pass-Through Grants         |           | 1,401,724        |
| Tuition/Transportation - Other LEAs |           | 88,808           |
|                                     |           | 88,808           |
|                                     | <b>\$</b> | <b>3,132,457</b> |

**NOTE 5 – OTHER ACCOUNTS RECEIVABLE**

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

|                      | <b><u>Governmental<br/>Activities</u></b> | <b><u>Business-Type<br/>Activities</u></b> |
|----------------------|-------------------------------------------|--------------------------------------------|
| Due from Students    | \$ -                                      | \$ 8,012                                   |
| Reimbursements/Other | 407                                       | -                                          |
|                      | <b>\$ 407</b>                             | <b>\$ 8,012</b>                            |

**GREENSBURG SALEM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 6 - UNEARNED REVENUE**

Unearned revenue is comprised of the following:

|                     | <b>Governmental<br/>Activities</b> | <b>Business<br/>Type<br/>Activities</b> |
|---------------------|------------------------------------|-----------------------------------------|
| Local Grant Funds   | \$ 208,290                         | \$ -                                    |
| Federal Grant Funds | 24,182                             | -                                       |
| Due to Students     | -                                  | 14,579                                  |
| Donated Commodities | -                                  | 18,009                                  |
|                     | <b><u>\$ 232,472</u></b>           | <b><u>\$ 32,588</u></b>                 |

**NOTE 7 - OTHER CURRENT LIABILITIES**

The 'other current liabilities' balance of \$44,111, represents \$6,259 various scholarship funds maintained by the District as an agent for the private donors and \$37,852 of compensatory education funds.

**NOTE 8 - CAPITAL ASSETS**

A summary of the governmental fixed asset activity for the 2021-2022 fiscal year was as follows:

|                                                        | <b>Balance<br/>6/30/2021</b>  | <b>Additions</b>             | <b>Deductions</b>        | <b>Balance<br/>6/30/2022</b>  |
|--------------------------------------------------------|-------------------------------|------------------------------|--------------------------|-------------------------------|
| <b>Governmental Activities</b>                         |                               |                              |                          |                               |
| Land                                                   | \$ 5,001,622                  | \$ -                         | \$ -                     | \$ 5,001,622                  |
| Site Improvements                                      | 1,866,923                     | -                            | -                        | 1,866,923                     |
| Building and Improvements                              | 54,400,113                    | 413,609                      | -                        | 54,813,722                    |
| Furniture and Equipment                                | 14,830,196                    | 176,369                      | -                        | 15,006,565                    |
| Infrastructure                                         | 1,126,929                     | -                            | -                        | 1,126,929                     |
| Construction in Progress                               | 225,479                       | 2,627,200                    | 225,479                  | 2,627,200                     |
|                                                        | <b><u>\$ 77,451,262</u></b>   | <b><u>\$ 3,217,178</u></b>   | <b><u>\$ 225,479</u></b> | <b><u>\$ 80,442,961</u></b>   |
| <b>Less: Accumulated depreciation</b>                  |                               |                              |                          |                               |
| Site Improvements                                      | \$ (1,793,946)                | \$ (7,551)                   | -                        | \$ (1,801,497)                |
| Building and Improvements                              | (43,538,127)                  | (814,662)                    | -                        | (44,352,789)                  |
| Furniture and Equipment                                | (12,741,372)                  | (322,720)                    | (2,899)                  | (13,061,193)                  |
| Infrastructure                                         | (337,049)                     | (30,742)                     | -                        | (367,791)                     |
|                                                        | <b><u>\$ (58,410,494)</u></b> | <b><u>\$ (1,175,675)</u></b> | <b><u>\$ (2,899)</u></b> | <b><u>\$ (59,583,270)</u></b> |
| <b>Governmental Activities<br/>Capital Assets, Net</b> | <b><u>\$ 19,040,768</u></b>   | <b><u>\$ 2,041,503</u></b>   | <b><u>\$ 222,580</u></b> | <b><u>\$ 20,859,691</u></b>   |

**GREENSBURG SALEM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

|                                 |                   |                  |             |                   |
|---------------------------------|-------------------|------------------|-------------|-------------------|
| <b>Business-Type Activities</b> |                   |                  |             |                   |
| Furniture and Equipment         | \$ 659,354        | \$ 59,084        | \$ -        | \$ 718,438        |
| Less: Accumulated               |                   |                  |             |                   |
| Depreciation                    | (399,291)         | (15,693)         | -           | (414,984)         |
| <b>Business-Type Activities</b> |                   |                  |             |                   |
| <b>Capital Assets, Net</b>      | <b>\$ 260,063</b> | <b>\$ 43,391</b> | <b>\$ -</b> | <b>\$ 303,454</b> |

Depreciation expense was charged to governmental functions as follows:

|                                               |                            |
|-----------------------------------------------|----------------------------|
| Instruction                                   | \$ 325,254                 |
| Instructional Student Support                 | 86,958                     |
| Administrative and Financial Support Services | 4,509                      |
| Operation and Maintenance of Plant Services   | 737,276                    |
| Student Activities                            | 21,678                     |
|                                               | <b><u>\$ 1,175,675</u></b> |

**NOTE 9 - LONG-TERM LIABILITIES**

**GENERAL OBLIGATION BONDS – SERIES OF 2020**

In October of 2020, the Greensburg Salem School District issued General Obligation Bonds, Series of 2020 in the amount of \$10,645,000, the proceeds to be derived by the School District from the issuance and sale of the Bonds will be used by the School District for 1) currently refunding the District’s General Obligation Bonds – Series of 2013 and Series A of 2015 and 2) issuing the bonds. The bonds were issued in denominations of \$5,000 with interest payable on January 1 and July 1 each year through maturity. Interest rates range between 3.0% and 4.0% with the bonds maturing on January 1, 2026. The bonds provide for early redemption options for the school district as more fully described in the detailed Official Statement.

**DEFAULT PROVISIONS – GENERAL OBLIGATION BONDS**

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

**GREENSBURG SALEM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

A summary of the Greensburg Salem School District's general obligation bonds outstanding at June 30, 2022, is as follows:

| <b>Year End<br/>June 30,</b> | <b>2020<br/>Principal</b>  | <b>Total<br/>Interest</b> | <b>Total</b>               |
|------------------------------|----------------------------|---------------------------|----------------------------|
| 2023                         | \$ 2,380,000               | \$ 334,200                | \$ 2,714,200               |
| 2024                         | 2,450,000                  | 239,000                   | 2,689,000                  |
| 2025                         | 2,545,000                  | 141,000                   | 2,686,000                  |
| 2026                         | 980,000                    | 39,200                    | 1,019,200                  |
|                              | <b><u>\$ 8,355,000</u></b> | <b><u>\$ 753,400</u></b>  | <b><u>\$ 9,108,400</u></b> |

In connection with the School District's various general obligation bond issues, the District paid approximately \$227,822 in bond discounts. These costs are being amortized on a straight-line basis over the life of the bond issue. The unamortized amount of bond discount totaling \$31,776 is reflected as a component of 'Bonds Payable – Long-Term Portion (Net)' in the governmental activities' column on the government-wide statement of net position. Amortization expense for the year ended June 30, 2022 was \$11,643. This amount was charged to the 'Interest on Long-Term Debt' expense category in the statement of activities.

The School District's various general obligation bond issues were issued at premiums totaling \$2,259,210. The premium is being accreted as a component of interest expense on the straight-line basis over the life of the bond issue. The un-accreted amount of bond premium totaling \$634,945 is reflected as a component of 'Bonds Payable – Long-Term Portion (Net)', in the governmental activities' column on the government-wide statement of net position. Premium accretion for the year ended June 30, 2022 was \$206,826. This amount was credited to the 'Interest on Long-Term Debt' expense category in the statement of activities.

The following represents the changes in the District's long-term liabilities during the 2021-2022 fiscal year:

|                          | <b>Balance<br/>7/1/2021</b> | <b>Additions</b>         | <b>Reductions</b>           | <b>Balance<br/>6/30/2022</b> | <b>Due Within<br/>One Year</b> |
|--------------------------|-----------------------------|--------------------------|-----------------------------|------------------------------|--------------------------------|
| General Obligation Bonds | \$ 10,810,000               | \$ -                     | \$ 2,455,000                | \$ 8,355,000                 | \$ 2,380,000                   |
| Notes Payable            | 760,000                     | -                        | 760,000                     | -                            | -                              |
| Net Pension Liability    | 64,503,000                  | -                        | 11,376,000                  | 53,127,000                   | -                              |
| Net OPEB Obligation      | 10,805,329                  | 706,518                  | -                           | 11,511,847                   | -                              |
| Compensated Absences     | 1,086,027                   | 29,655                   | 145,153                     | 970,529                      | 50,000                         |
|                          | <b><u>\$ 87,964,356</u></b> | <b><u>\$ 736,173</u></b> | <b><u>\$ 14,736,153</u></b> | <b><u>\$ 73,964,376</u></b>  | <b><u>\$ 2,430,000</u></b>     |

**GREENSBURG SALEM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 10 – PENSION PLAN**

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

**Plan Description**

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

**Benefits Provided**

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with a least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age.

Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 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.

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.

**GREENSBURG SALEM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

**Member Contributions**

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

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

**Employer Contributions**

Contributions required of employers are based upon an actuarial valuation. For fiscal year ended June 30, 2021, the rate of employer's contribution was 34.14% (33.99% employer pension rate and .15% Act 5 defined contribution rate) of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the employer were \$6,372,037 for the year ended June 30, 2022.

**GREENSBURG SALEM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

**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 \$53,127,000 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 covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2021 (the measurement date), the School District's proportion was .1294% which was a decrease of .0016% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the School District recognized pension expense of \$3,398,684. At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                 | <b>Deferred Outflows<br/>of Resources</b> | <b>Deferred Inflows<br/>of Resources</b> |
|-----------------------------------------------------------------|-------------------------------------------|------------------------------------------|
| Difference between expected and actual experience               | \$ 39,000                                 | \$ 698,000                               |
| Changes in assumptions                                          | 2,577,000                                 | -                                        |
| Net difference between projected and actual investment earnings | -                                         | 8,457,000                                |
| Changes in proportion                                           | 106,000                                   | 864,000                                  |
| Contributions subsequent to the measurement date                | 6,372,037                                 | -                                        |
|                                                                 | <b>\$ 9,094,037</b>                       | <b>\$ 10,019,000</b>                     |

The \$6,372,037 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the measurement year ended June 30, 2022.

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

| <b>Measurement<br/>Date<br/>Year ended<br/>June 30,</b> | <b>Reporting<br/>Date<br/>Year ended<br/>June 30,</b> | <b>Amortization<br/>Amount</b> |
|---------------------------------------------------------|-------------------------------------------------------|--------------------------------|
| 2022                                                    | 2023                                                  | \$ (1,976,000)                 |
| 2023                                                    | 2024                                                  | (1,367,000)                    |
| 2024                                                    | 2025                                                  | (1,221,000)                    |
| 2025                                                    | 2026                                                  | (2,733,000)                    |

**GREENSBURG SALEM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

**Actuarial Assumptions**

The total pension liability as of June 30, 2021, was determined by rolling forward the System's total pension liability as of the 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 – 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

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.

**Investment Asset Allocation**

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

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

| <u>Asset Class</u>   | <u>Target<br/>Allocation</u> | <u>Long-Term<br/>Expected Real<br/>Rate of Return</u> |
|----------------------|------------------------------|-------------------------------------------------------|
| Global public equity | 27.0%                        | 5.20%                                                 |
| Private equity       | 12.0%                        | 7.30%                                                 |
| Fixed Income         | 35.0%                        | 1.80%                                                 |
| Commodities          | 10.0%                        | 2.00%                                                 |
| Absolute return      | 8.0%                         | 3.10%                                                 |
| Infrastructure/MLP's | 8.0%                         | 5.10%                                                 |
| Real estate          | 10.0%                        | 4.70%                                                 |
| Cash                 | 3.0%                         | 0.10%                                                 |
| Leverage             | -13.0%                       | 0.10%                                                 |
|                      | <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.



**GREENSBURG SALEM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

**Discount Rate**

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

**Sensitivity of the School’s proportionate share of the net pension liability to changes in the discount rate**

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

|                                                                       | 1%<br>Decrease<br>6.00% | Current<br>Discount<br>Rate<br>7.00% | 1%<br>Increase<br>8.00% |
|-----------------------------------------------------------------------|-------------------------|--------------------------------------|-------------------------|
| School District's proportionate share of<br>the net pension liability | \$ 69,732,000           | \$ 53,127,000                        | \$ 39,121,000           |

**Pension plan fiduciary net position**

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

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

**PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM**

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

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

**GREENSBURG SALEM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

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

**Premium Assistance Eligibility Criteria**

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

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

**Plan Description**

Greensburg Salem County School District employees participate in the PSERS – Health Insurance Premium Assistance program, which 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).

**Benefits Provided**

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

**Contributions**

The District's contractually required contribution for the fiscal year ended June 30, 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. During the 2021-2022 fiscal year, the Greensburg Salem School District contributed \$149,315 to the premium assistance program.

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

At June 30, 2022, the District reported a liability of \$3,063,000 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 District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2021 (the measurement date), the district's proportion was 0.1293%, which is a decrease of .0016% from its proportion measured as of June 30, 2020.

**GREENSBURG SALEM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

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

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

For the year ended June 30, 2022, Greensburg Salem School District recognized OPEB expense of \$179,832. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|                                                                 | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|-----------------------------------------------------------------|-------------------------------------------|------------------------------------------|
| Difference between expected and actual experience               | \$ 28,000                                 | \$ -                                     |
| Changes in assumptions                                          | 326,000                                   | 41,000                                   |
| Net difference between projected and actual investment earnings | 6,000                                     | -                                        |
| Changes in proportion                                           | 14,000                                    | 48,000                                   |
| Contributions subsequent to the measurement date                | 149,315                                   | -                                        |
|                                                                 | <u>\$ 523,315</u>                         | <u>\$ 89,000</u>                         |

The \$149,315 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the measurement year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <u>Measurement<br/>Date<br/>Year ended<br/>June 30,</u> | <u>Reporting<br/>Date<br/>Year ended<br/>June 30,</u> | <u>Amortization<br/>Amount</u> |
|---------------------------------------------------------|-------------------------------------------------------|--------------------------------|
| 2022                                                    | 2023                                                  | \$ 46,000                      |
| 2023                                                    | 2024                                                  | 45,000                         |
| 2024                                                    | 2025                                                  | 64,000                         |
| 2025                                                    | 2026                                                  | 54,000                         |
| 2026                                                    | 2027                                                  | 41,000                         |
| Thereafter                                              | Thereafter                                            | 35,000                         |

**GREENSBURG SALEM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

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

**Actuarial Assumptions**

The Total OPEB liability as of June 30, 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% based on the S&P 20 Year Municipal Bond Rate.
- Salary Increases – 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 a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
  - Eligible retirees will elect to participate Pre age 65 at 50%
  - Eligible retirees will elect to participate Post age 65 at 70%

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

**Investment Asset Allocation**

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

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

| <u>Asset Class</u>     | <u>Target<br/>Allocation</u> | <u>Long-Term<br/>Expected Real<br/>Rate of Return</u> |
|------------------------|------------------------------|-------------------------------------------------------|
| Cash                   | 79.8%                        | 0.10%                                                 |
| US Core Fixed Income   | 17.5%                        | 0.70%                                                 |
| Non-US Developed Fixed | 2.7%                         | -0.30%                                                |
|                        | <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.

**GREENSBURG SALEM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

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

**Discount Rate**

The discount rate used to measure the Total OPEB Liability was 2.18%. 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.

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 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 and 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.

The following presents the net OPEB liability of the District as of the June 30 2021 measurement date, calculated using current Healthcare cost trends as well as what the District net OPEB liability would be if its health cost trends were 1-percentage point lower or 1-percentage-point higher than the current healthcare cost trend rate:

|                    | <b>1%<br/>Decrease</b> | <b>Current<br/>Trend<br/>Rates</b> | <b>1%<br/>Increase</b> |
|--------------------|------------------------|------------------------------------|------------------------|
| Net OPEB Liability | \$ 3,063,000           | \$ 3,063,000                       | \$ 3,064,000           |

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

The following presents the net OPEB liability, calculated using the discount rate of 2.18%, 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:

|                    | <b>1%<br/>Decrease<br/>1.18%</b> | <b>Current Discount<br/>Rate<br/>2.18%</b> | <b>1%<br/>Increase<br/>3.18%</b> |
|--------------------|----------------------------------|--------------------------------------------|----------------------------------|
| Net OPEB Liability | \$ 3,516,000                     | \$ 3,063,000                               | \$ 2,691,000                     |

**OPEB plan fiduciary net position**

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

**GREENSBURG SALEM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

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

**Plan Description**

The Greensburg Salem School District provides post-employment health care benefits to all eligible employees per the terms of the District's collective bargaining agreements. Eligibility requirements for District personnel are as follows:

- Education Association – participants must have completed 25 years of service in the profession and who are at least 60 years of age at retirement.
- Administrative – participants must be 60 years of age and have worked in the District for at least 10 years or have completed 30 years of service.

During the 2010-2011 fiscal year, the Board of Education adopted 'early retirement incentive policies' for its various collective bargaining units as follows:

- Support Services Personnel, Maintenance and Custodial, Confidential Secretaries, Classroom Aides and Non-Confidential Secretaries – participants must have completed 25 years of service, 10 years with the District, and who are at least 60 years of age or have completed 35 years of service, 15 years with the District.
- Professional Employees – participants who have completed 30 years of service, at least 15 of which have been with the District are entitled to the following for a maximum of 8 years or until the retiree reaches medicare age, whichever comes first: 1) \$5,000 of life insurance coverage paid by the retiree at the District's retiree rate, 2) health insurance to be paid by the District; employee will be required to reimburse the District the amount received from PSERS, 3) health insurance coverage for retiree's spouse and eligible dependents, the cost of which will be borne by the retiree at the amount by which the coverage rate exceeds the District's rate plus 2%, and 4) a \$5,000 cash stipend per year for five fiscal years following retirement.
- Administrative Employees – participants who have completed 25 years of service, at least 10 of which have been with the District are entitled to the following for a maximum of 8 years or until the retiree reaches medicare age, whichever comes first: 1) all retirement provisions outlined in the administrative employment contract and 2) a \$5,000 cash stipend per year for five fiscal years following retirement.
- Secretarial Employees – participants who have completed 20 years of service, at least 10 of which have been with the District are entitled to the following for a maximum of 8 years or until the retiree reaches medicare age, whichever comes first: 1) all retirement provisions outlined in the secretarial employment contract and 2) a \$5,000 cash stipend per year for five fiscal years following retirement.
- Custodial and Maintenance Employees – participants who have completed 25 years of service, at least 10 of which have been with the District are entitled to the following for a maximum of 8 years or until the retiree reaches medicare age, whichever comes first: 1) all retirement provisions outlined in the custodial/maintenance employment contract and 2) a \$5,000 cash stipend per year for five fiscal years following retirement.

**GREENSBURG SALEM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

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

**Plan Description (Continued)**

The single-employer retiree benefit plan ('the Plan') was established by the authority of the collective bargaining agreements between the Greensburg Salem School District Board of Education and the various labor unions representing District employees. The program entitles eligible employees to specific health care benefits (as stated in the agreement) during the period between retirement and attaining Medicare age. The employee will pay the District the amount reimbursable from PSERS. Retirees are responsible for co-pay amounts which exceed the PSERS reimbursement.

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

**Funding Policy**

The contribution requirements of plan members and the School District are negotiated between the District and the union representatives and may be amended by the Greensburg Salem Board of Education. The plan is funded on a pay-as-you-go basis, i.e. premiums are paid to fund the health care benefits provided to current retirees. There are no assets that have been segregated and restricted to provide for retiree medical benefits. During the 2021-2022 fiscal year, the Greensburg Salem School District paid \$93,774 for retiree health and life insurance benefits.

**Participant Data and Total OPEB Liability**

The July 1, 2021 actuarial valuation reflected the following participant data and corresponding total OPEB liability measured as of July 1, 2021:

|                  | <b>PARTICIPANT<br/>DATA</b> | <b>TOTAL OPEB<br/>LIABILITY</b> |
|------------------|-----------------------------|---------------------------------|
| Active employees | 266                         | \$ 7,662,354                    |
| Retirees         | 11                          | 786,493                         |
| Total            | <b>277</b>                  | <b>\$ 8,448,847</b>             |

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

The District's total OPEB liability of \$8,448,847 was measured as of July 1, 2021, and was determined by an actuarial valuation performed as of July 1, 2021. As the District's OPEB Plan is unfunded, the total OPEB liability is equal to the net OPEB liability:

**GREENSBURG SALEM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

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

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

|                                                    |    |                                   |
|----------------------------------------------------|----|-----------------------------------|
| Balance at June 30, 2021                           | \$ | 7,977,329                         |
| Changes for the year:                              |    |                                   |
| Service cost                                       |    | 259,940                           |
| Interest                                           |    | 176,299                           |
| Changes of benefit terms                           |    | -                                 |
| Differences between expected and actual experience |    | 64,590                            |
| Changes in assumptions or other inputs *           |    | 236,511                           |
| Benefit payments                                   |    | (265,822)                         |
| Net Changes                                        |    | <u>471,518</u>                    |
| <b>Balance at June 30, 2022</b>                    |    | <b><u><u>\$ 8,448,847</u></u></b> |

For the year ended June 30, 2022, the Greensburg Salem School District recognized OPEB expense of \$532,684. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|                                                   | <b>Deferred Outflows<br/>of Resources</b> | <b>Deferred Inflows<br/>of Resources</b> |
|---------------------------------------------------|-------------------------------------------|------------------------------------------|
| Difference between expected and actual experience | \$ 929,508                                | \$ 234,076                               |
| Changes in assumptions                            | 1,185,359                                 | 64,315                                   |
| Contributions subsequent to the measurement date  | 140,268                                   | -                                        |
|                                                   | <b><u><u>\$ 2,255,135</u></u></b>         | <b><u><u>\$ 298,391</u></u></b>          |

The \$140,268 amount reported as deferred outflows of resources resulting from the District's benefit payments subsequent to the measurement date will be recognized as a reduction in the next year's total OPEB liability. Amounts reported as deferred inflows/outflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <b>Measurement<br/>Date<br/>Year ended<br/>June 30,</b> | <b>Reporting<br/>Date<br/>Year ended<br/>June 30,</b> | <b>Amortization<br/>Amount</b> |
|---------------------------------------------------------|-------------------------------------------------------|--------------------------------|
| 2022                                                    | 2023                                                  | \$ 142,939                     |
| 2023                                                    | 2024                                                  | 142,939                        |
| 2024                                                    | 2025                                                  | 142,939                        |
| 2025                                                    | 2026                                                  | 142,939                        |
| 2026                                                    | 2027                                                  | 142,939                        |
| Thereafter                                              | Thereafter                                            | 1,101,781                      |



**GREENSBURG SALEM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

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

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

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

|                      | <b>1%<br/>Decrease<br/>1.16%</b> | <b>Current<br/>Discount<br/>Rate<br/>2.16%</b> | <b>1%<br/>Increase<br/>3.16%</b> |
|----------------------|----------------------------------|------------------------------------------------|----------------------------------|
| Total OPEB Liability | \$ 9,195,861                     | \$ 8,448,847                                   | \$ 7,749,291                     |

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

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

|                      | <b>1%<br/>Decrease</b> | <b>Current<br/>Trend<br/>Rates</b> | <b>1%<br/>Increase</b> |
|----------------------|------------------------|------------------------------------|------------------------|
| Total OPEB Liability | \$ 7,215,977           | \$ 8,448,847                       | \$ 9,221,954           |

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

- Cost Method – Entry Age Normal as a Level Percentage of Pay.
- Mortality – Pri.H-2012 Total Dataset Mortality Table projected using Scale MP-2020.
- Discount Rate – 2.16% based on the Bond Buyers 20-Bond Index.
- Inflation Rate – 3%
- Salary Increases – 2.5%
- Healthcare Trend – 2022-2023 fiscal year 7.00% decreasing on a graduated basis to 4.5% for fiscal years 2031-2032 and later.
- Percent Married – Actual spouse information was utilized for current retirees. For the active population, it was assumed that 85% of Administrators will have a covered spouse at retirement and 30% of all other groups will have a covered spouse at retirement. Females are assumed to be three years younger than males.
- Participation – It is assumed that 100% of eligible retirees will participate in the retiree medical program.
- Aging Factors – Varying scale from 3.61% at age 55 to 1.23% at age 74.
- Withdrawal Rates – Rates vary by attained age.
- Retirement Rates – Varying scale from 1% at age 52-55 to 100% at age 65.
- Disability – None assumed.
- Plan Election – It is assumed that 60% of future retirees will elect Option G and 40% will elect either Option A or Option E. 50% of all other retirees are assumed to elect Option G and 50% will elect either Option A or Option E.

**GREENSBURG SALEM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 12 – JOINTLY GOVERNED ORGANIZATIONS**

**CENTRAL WESTMORELAND CAREER AND TECHNOLOGY CENTER**

The Greensburg Salem School District, in conjunction with nine other School Districts, funds the operating and capital budget of the Central Westmoreland Career and Technology Center. The Technology Center is designed to teach students trade related professions. Each district's share of tuition is based on the percentage of the district's enrollment to the total enrollment at the Forbes Road Career & Technology Center. The School District paid \$605,774 to the Career and Technology Center during the 2021-2022 fiscal year. A representative from each district's school board sits on the board of the Technology Center. Financial information can be obtained by contacting the Technology Center's business office at 240 Arona Road, New Stanton, Pa. 15672.

**WESTMORELAND INTERMEDIATE UNIT #7**

The Greensburg Salem School District participates with 16 other School Districts and 3 Vocational-Technical schools located in Westmoreland County in the Westmoreland County Intermediate Unit #7. The Intermediate Unit was established in 1971 by Act 102 of the Commonwealth of Pennsylvania to function as a regional educational service agency for 17 school districts, as well as nonpublic schools and other institutions, located within Westmoreland County. The Intermediate Unit provides services relative to curriculum development, continuing education, educational planning, instructional materials, pupil personnel, state and federal agency liaison and managerial oversight. The School District paid the Intermediate Unit \$11,378 for operating purposes, \$901 for Children's Program, and \$5,140 for transportation recovery costs during the 2021-2022 fiscal year. Financial information can be obtained by contacting the Intermediate Unit's business office at 102 Equity Drive, Greensburg, Pa. 15601.

**NOTE 13 – RISK AND UNCERTAINTIES**

**GENERAL INSURANCE**

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

**HEALTH INSURANCE**

The Greensburg Salem School District is one of twenty members of the Westmoreland County Public School Healthcare Consortium, a public entity risk pool designed to administer health and medical insurance risks on a pooled basis. The school district was billed an annual premium (\$4,158,870 in 2021-2022) payable in monthly installments to the Consortium for its health and medical insurance coverage, which is subject to an annual settlement based on claims experience. As the Consortium is self-insured, rates are established with the objective of satisfying estimated claims and other costs, as well as maintaining working capital requirements.

Participating school districts are permitted to withdraw from the Consortium under terms specified in the agreement. Withdrawing participants are entitled to, or responsible for, a proportionate share of the Consortium's net position, as determined on the fiscal year-end date after withdrawal. As of June 30, 2022, the District's share of the Consortium's undesignated fund balance was \$346,109.

**GREENSBURG SALEM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 13 – RISK AND UNCERTAINTIES** (Continued)

**STATE AND FEDERAL SUBSIDIES**

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

**LEGAL MATTERS**

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

**NOTE 14 – SUBSEQUENT EVENTS**

Management has determined that there are no events, subsequent to June 30, 2022 through the April 28, 2023 date of the 'Independent Auditor's Report' date, which is the date the financial statements were available to be issued, that require additional disclosure in the financial statements.

***SUPPLEMENTARY***  
***INFORMATION***

**GREENSBURG SALEM SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2022**

**SCHEDULE 1**

|                                            | <b><u>THEOBALD<br/>SCHOLARSHIP<br/>FUND</u></b> | <b><u>CAPITAL<br/>PROJECTS<br/>FUND</u></b> | <b><u>TOTAL<br/>GOVERNMENTAL<br/>FUNDS</u></b> |
|--------------------------------------------|-------------------------------------------------|---------------------------------------------|------------------------------------------------|
| <b>ASSETS:</b>                             |                                                 |                                             |                                                |
| Cash and Cash Equivalents                  | \$ 5,434                                        | \$ 432,870                                  | \$ 438,304                                     |
| Investments                                | 94,719                                          | -                                           | 94,719                                         |
| <b>TOTAL ASSETS</b>                        | <b><u>\$ 100,153</u></b>                        | <b><u>\$ 432,870</u></b>                    | <b><u>\$ 533,023</u></b>                       |
| <b>LIABILITIES AND FUND BALANCES:</b>      |                                                 |                                             |                                                |
| <b>LIABILITIES:</b>                        |                                                 |                                             |                                                |
| Accounts Payable                           | \$ -                                            | \$ 4,800                                    | \$ 4,800                                       |
| <b>TOTAL LIABILITIES</b>                   | <b><u>\$ -</u></b>                              | <b><u>\$ 4,800</u></b>                      | <b><u>\$ 4,800</u></b>                         |
| <b>FUND BALANCES:</b>                      |                                                 |                                             |                                                |
| Restricted                                 | \$ 100,153                                      | \$ -                                        | \$ 100,153                                     |
| Assigned                                   | -                                               | 428,070                                     | 428,070                                        |
| <b>TOTAL FUND BALANCES</b>                 | <b><u>\$ 100,153</u></b>                        | <b><u>\$ 428,070</u></b>                    | <b><u>\$ 528,223</u></b>                       |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <b><u>\$ 100,153</u></b>                        | <b><u>\$ 432,870</u></b>                    | <b><u>\$ 533,023</u></b>                       |

The accompanying notes are an integral part of these financial statements

**GREENSBURG SALEM SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

|                                                              | <b><u>THEOBALD<br/>SCHOLARSHIP<br/>FUND</u></b> | <b><u>CAPITAL<br/>PROJECTS<br/>FUND</u></b> | <b><u>TOTAL<br/>GOVERNMENTAL<br/>FUNDS</u></b> |
|--------------------------------------------------------------|-------------------------------------------------|---------------------------------------------|------------------------------------------------|
| <b><u>REVENUES</u></b>                                       |                                                 |                                             |                                                |
| Local Sources                                                | \$ 100                                          | \$ 916                                      | \$ 1,016                                       |
| <b>Total Revenue</b>                                         | <b>\$ 100</b>                                   | <b>\$ 916</b>                               | <b>\$ 1,016</b>                                |
| <b><u>EXPENDITURES</u></b>                                   |                                                 |                                             |                                                |
| Capital Outlay                                               | \$ -                                            | \$ 400,330                                  | \$ 400,330                                     |
| <b>Total Expenditures</b>                                    | <b>\$ -</b>                                     | <b>\$ 400,330</b>                           | <b>\$ 400,330</b>                              |
| <b>Excess ( Deficiency) of Revenue<br/>over Expenditures</b> | <b>\$ 100</b>                                   | <b>\$ (399,414)</b>                         | <b>\$ (399,314)</b>                            |
| <b><u>OTHER FINANCING SOURCES (USES)</u></b>                 |                                                 |                                             |                                                |
| Operating Transfers In                                       | \$ -                                            | \$ 381,584                                  | \$ 381,584                                     |
| <b>Total Other Financing Sources (Uses)</b>                  | <b>\$ -</b>                                     | <b>\$ 381,584</b>                           | <b>\$ 381,584</b>                              |
| <b>NET CHANGE IN FUND BALANCES</b>                           | <b>\$ 100</b>                                   | <b>\$ (17,830)</b>                          | <b>\$ (17,730)</b>                             |
| FUND BALANCE - JULY 1, 2021                                  | 100,053                                         | 445,900                                     | 545,953                                        |
| <b>FUND BALANCE - JUNE 30, 2022</b>                          | <b>\$ 100,153</b>                               | <b>\$ 428,070</b>                           | <b>\$ 528,223</b>                              |

The accompanying notes are an integral part of these financial statements

***REQUIRED***

***SUPPLEMENTARY***

***INFORMATION***

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

| <b>As of the measurement date of June 30,</b>                                                               | <b>2021</b>   | <b>2020</b>   | <b>2019</b>   | <b>2018</b>   | <b>2017</b>   | <b>2016</b>   | <b>2015</b>   | <b>2014</b>   | <b>2013</b>   |
|-------------------------------------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| District's proportion of the net pension liability                                                          | 0.1294%       | 0.1310%       | 0.1322%       | 0.1313%       | 0.1312%       | 0.1309%       | 0.1313%       | 0.1331%       | 0.1355%       |
| District's proportionate share of the net pension liability                                                 | \$ 53,127,000 | \$ 64,503,000 | \$ 61,847,000 | \$ 63,031,000 | \$ 64,798,000 | \$ 64,870,000 | \$ 56,873,000 | \$ 52,681,000 | \$ 55,469,000 |
| District's covered-employee payroll                                                                         | \$ 18,323,591 | \$ 18,372,582 | \$ 18,228,364 | \$ 17,683,951 | \$ 17,464,075 | \$ 16,946,956 | \$ 16,977,482 | \$ 17,126,534 | \$ 17,825,688 |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 289.94%       | 351.08%       | 339.29%       | 356.43%       | 371.04%       | 382.78%       | 334.99%       | 307.60%       | 311.17%       |
| Plan fiduciary net position as a percentage of the total pension liability                                  | 63.67%        | 54.32%        | 55.66%        | 54.00%        | 51.84%        | 50.14%        | 54.36%        | 57.24%        | 54.39%        |

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



**GREENSBURG SALEM SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF SCHOOL DISTRICT'S CONTRACTUALLY REQUIRED CONTRIBUTIONS**  
**DEFINED BENEFIT PENSION PLAN**  
**JUNE 30.**

|                                                                     | <u>2022</u>        | <u>2021</u>        | <u>2020</u>        | <u>2019</u>        | <u>2018</u>        | <u>2017</u>        | <u>2016</u>        | <u>2015</u>        | <u>2014</u>        | <u>2013</u>        |
|---------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Contractually Required Contributions                                | \$ 6,372,037       | \$ 6,153,039       | \$ 6,119,878       | \$ 5,914,995       | \$ 5,554,840       | \$ 5,152,151       | \$ 4,383,814       | \$ 3,644,872       | \$ 2,798,574       | \$ 2,145,856       |
| Contribution in relation to the contractually required contribution | <u>(6,372,037)</u> | <u>(6,153,039)</u> | <u>(6,119,878)</u> | <u>(5,914,995)</u> | <u>(5,554,840)</u> | <u>(5,152,151)</u> | <u>(4,383,814)</u> | <u>(3,644,872)</u> | <u>(2,798,574)</u> | <u>(2,145,856)</u> |
| Contribution deficiency (excess)                                    | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        |
| District's covered payroll                                          | \$ 18,798,961      | \$ 18,323,591      | \$ 18,372,582      | \$ 18,228,364      | \$ 17,683,951      | \$ 17,464,075      | \$ 16,946,956      | \$ 16,977,482      | \$ 17,126,534      | \$ 17,825,688      |
| Contributions as a percentage of covered-employee payroll           | 33.90%             | 33.58%             | 33.31%             | 32.45%             | 31.41%             | 29.50%             | 25.87%             | 21.47%             | 16.34%             | 12.04%             |

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

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

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

| <b>As of the measurement date of June 30,</b>                                                               | <b><u>2021</u></b> | <b><u>2020</u></b> | <b><u>2019</u></b> | <b><u>2018</u></b> | <b><u>2017</u></b> | <b><u>2016</u></b> |
|-------------------------------------------------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| District's proportion of the net OPEB liability                                                             | 0.1293%            | 0.1309%            | 0.1322%            | 0.1313%            | 0.1312%            | 0.1309%            |
| District's proportionate share of the net OPEB liability                                                    | \$ 3,063,000       | \$ 2,828,000       | \$ 2,812,000       | \$ 2,738,000       | \$ 2,673,000       | \$ 2,820,000       |
| District's covered-employee payroll                                                                         | \$ 18,323,591      | \$ 18,372,582      | \$ 18,228,364      | \$ 17,683,951      | \$ 17,464,075      | \$ 16,946,956      |
| District's proportionate share of the net OPEB liability<br>as a percentage of its covered-employee payroll | 16.72%             | 15.39%             | 15.43%             | 15.48%             | 15.31%             | 16.64%             |
| Plan fiduciary net position as a percentage of<br>the total OPEB liability                                  | 5.30%              | 5.69%              | 5.56%              | 5.56%              | 5.73%              | N/A                |

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

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

|                                                                     | <u>2022</u>      | <u>2021</u>      | <u>2020</u>      | <u>2019</u>      | <u>2018</u>      | <u>2017</u>      |
|---------------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Contractually Required Contributions                                | \$ 149,315       | \$ 149,762       | \$ 153,683       | \$ 150,596       | \$ 145,259       | \$ 142,400       |
| Contribution in relation to the contractually required contribution | <u>(149,315)</u> | <u>(149,762)</u> | <u>(153,683)</u> | <u>(150,596)</u> | <u>(145,259)</u> | <u>(142,400)</u> |
| Contribution deficiency (excess)                                    | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| District's covered payroll                                          | \$ 18,798,961    | \$ 18,323,591    | \$ 18,372,582    | \$ 18,228,364    | \$ 17,683,951    | \$ 17,464,075    |
| Contributions as a percentage of covered-employee payroll           | 0.79%            | 0.82%            | 0.84%            | 0.83%            | 0.82%            | 0.82%            |

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

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

|                                                                     | <u>2022</u>         | <u>2021</u>         | <u>2020</u>         | <u>2019</u>         | <u>2018</u>         |
|---------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Service cost                                                        | \$ 259,940          | \$ 240,792          | \$ 257,961          | \$ 252,241          | \$ 334,234          |
| Interest                                                            | 176,299             | 256,412             | 234,803             | 216,584             | 263,188             |
| Changes of benefit terms                                            | -                   | -                   | -                   | -                   | (1,096,870)         |
| Differences between expected and actual experience                  | 64,590              | -                   | 1,069,813           | -                   | (351,116)           |
| Changes of assumptions or other inputs                              | 236,511             | 409,969             | 50,862              | (87,703)            | 846,847             |
| Benefit payments                                                    | (265,822)           | (255,888)           | (354,656)           | (363,706)           | (526,146)           |
| <b>Net Change in Total OPEB Liability</b>                           | <b>\$ 471,518</b>   | <b>\$ 651,285</b>   | <b>\$ 1,258,783</b> | <b>\$ 17,416</b>    | <b>\$ (529,863)</b> |
| <b>Total OPEB Liability - Beginning of Year</b>                     | <b>7,977,329</b>    | <b>7,326,044</b>    | <b>6,067,261</b>    | <b>6,049,845</b>    | <b>6,579,708</b>    |
| <b>Total OPEB Liability - End of Year</b>                           | <b>\$ 8,448,847</b> | <b>\$ 7,977,329</b> | <b>\$ 7,326,044</b> | <b>\$ 6,067,261</b> | <b>\$ 6,049,845</b> |
| <br>                                                                |                     |                     |                     |                     |                     |
| Covered-employee payroll                                            | \$ 17,682,148       | \$ 18,207,154       | \$ 17,760,077       | \$ 17,663,881       | \$ 17,233,055       |
| <br>                                                                |                     |                     |                     |                     |                     |
| Total OPEB liability as a percentage of<br>covered-employee payroll | 47.78%              | 43.81%              | 40.24%              | 34.35%              | 35.11%              |

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

**GREENSBURG SALEM SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2022**

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

**Changes in Benefit Terms**

None

**Changes in Assumptions used in the Measurement of PSERS' Total Pension Liability Beginning June 30, 2021**

- Investment return went from 7.25% including inflation at 2.75% to 7.00% including inflation at 2.50%
- Salary growth rate decreased from 5.00% to 4.50%
- Real growth rate 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 discount rate decreased from 7.25% as of June 30, 2020 to 7.00% as of June 30, 2021.

**Changes in Assumptions used in the Measurement of PSERS' Total Pension Liability Beginning June 30, 2020**

None

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

None

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

**Changes in Benefit Terms**

None

**GREENSBURG SALEM SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2022**

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

(Continued)

**Changes in Assumptions used in the Measurement of PSERS' Total OPEB Liability Beginning June 30, 2021**

- Investment return went from 2.66% S&P 20 Year Municipal Bond Rate to 2.18% S&P 20 Year Municipal Bond Rate
- Salary growth rate decreased from 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases to 4.50%, comprised of 2.50% and 2.00% for real wage growth and for merit or seniority increases
- 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 discount rate decreased from 2.66% to 2.18%

**Changes in Assumptions used in the Measurement of PSERS' Total OPEB Liability Beginning June 30, 2020**

- The discount rate decreased from 2.79% to 2.66%.

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

None

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

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

- The results of the actuarial valuation as of June 30, 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

**GREENSBURG SALEM SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2022**

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

**Actuarial Assumptions used in Calculations of Actuarially Determined Contributions (Continued)**

- Asset Valuation Method: Market value
- Participation Rate: 63% of eligible retirees are assumed to elect premium assistance
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

**Changes in Benefit Terms**

None

**Changes in Assumptions**

Discount Rate – from 2.21% as of June 30, 2021, to 2.16% as of June 30, 2022

Updated the mortality improvement scale, the assumed medical trend rates, and the assumed medical plan Option election

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

The actuarial plan does not disclose actuarial assumptions, if applicable, used in the calculations of Actuarially Determined Contributions.

**GREENSBURG SALEM  
SCHOOL DISTRICT**

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

**Mark C. Turnley**

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Certified Public Accountant



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

**Management and Board of Education  
Greensburg Salem School District**

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standard* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Greensburg Salem School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise The Greensburg Salem School District's basic financial statements, and have issued my report thereon dated April 28, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the Greensburg Salem 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Greensburg Salem School District's internal control. Accordingly, I do not express an opinion on the effectiveness of the Greensburg Salem 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 Greensburg Salem School District's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. I identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items (2022-001 and 2022-002) that I consider to be material weaknesses.

**Management and Board of Education  
Greensburg Salem School District**

**Report on Compliance and Other Matters**

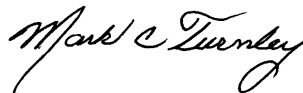
As part of obtaining reasonable assurance about whether the Greensburg Salem School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items (2022-001 and 2022-002).

**Greensburg Salem School District's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Greensburg Salem School District's response to the findings identified in my audit and described in the accompanying schedule of findings and questions costs. The Greensburg Salem School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on the response.

**Purpose of this Report**

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



Mark C. Turnley  
Certified Public Accountant

April 28, 2023  
New Brighton, Pennsylvania

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

**To the Board of Education  
Greensburg Salem School District**

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

**Opinion on Each Major Federal Program**

I have audited the Greensburg Salem 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 The Greensburg Salem School District's major federal programs for the year ended June 30, 2022. The Greensburg Salem 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 my opinion, The Greensburg Salem School District complied, in all material aspects, 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**

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

I am required to be independent of The Greensburg Salem School District and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of The Greensburg Salem School District's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

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

## **Auditor's Responsibilities for the Audit of Compliance**

My objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on The Greensburg Salem School District's compliance based on my 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 judgement made by a reasonable user of the report on compliance about The Greensburg Salem School District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Greensburg Salem School District's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of the Greensburg Salem 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 Greensburg Salem School District's internal control over compliance. Accordingly, no such opinion is expressed.

I am 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 I identified during the audit.

### **Other Matters**

The results of my auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questions costs as items (2022-001 and 2022-002). My opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Greensburg Salem School District's response to the noncompliance findings identified in my audit described in the accompanying schedule of findings and questioned costs. The Greensburg Salem School District's response was not subjected to the other auditing procedures applied in the audit of compliance, and accordingly, I express no opinion on the response.

## Report on Internal Control over Compliance

My 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, I did identify certain deficiencies in internal control over compliance that I consider to be material weaknesses.

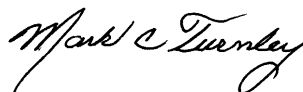
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a 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 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. I consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items (2022-001 and 2022-002) to be material weaknesses.

My 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.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Greensburg Salem School District's response to the findings identified in my audit and described in the accompanying schedule of findings and questions costs. The Greensburg Salem School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on the response.

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



Mark C. Turnley  
Certified Public Accountant

April 28, 2023  
New Brighton, Pennsylvania

**GREENSBURG SALEM SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022**

| FEDERAL GRANTOR / PROJECT TITLE                                                             | FUNDING SOURCE | ASSISTANCE LISTING NUMBER | PASS-THROUGH GRANTOR NUMBER | GRANT PERIOD BEGINNING / ENDING DATE | PROGRAM AWARD AMOUNT | 2021-2022 PASSED THROUGH TO SUBRECIPIENTS | TOTAL RECEIVED THIS PERIOD | ACCRUED (DEFERRED) REVENUE JULY 1 | REVENUE RECOGNIZED | EXPENDITURES        | ACCRUED (DEFERRED) REVENUE JUNE 30 |                     |
|---------------------------------------------------------------------------------------------|----------------|---------------------------|-----------------------------|--------------------------------------|----------------------|-------------------------------------------|----------------------------|-----------------------------------|--------------------|---------------------|------------------------------------|---------------------|
| <b>U.S. Department of Education:</b>                                                        |                |                           |                             |                                      |                      |                                           |                            |                                   |                    |                     |                                    |                     |
| <b>Passed through Pa. Dept. of Education:</b>                                               |                |                           |                             |                                      |                      |                                           |                            |                                   |                    |                     |                                    |                     |
| Title I                                                                                     | Indirect       | 84.010                    | 013-210173                  | 7/2/20-9/30/21                       | \$ 953,248           | \$ -                                      | \$ 254,589                 | \$ 177,689                        | \$ 76,900          | \$ 76,900           | \$ -                               |                     |
| Title I                                                                                     | Indirect       | 84.010                    | 013-220173                  | 7/1/21-9/30/22                       | 919,102              | -                                         | 800,087                    | -                                 | 919,102            | 919,102             | 119,015                            |                     |
| Title II - Improving Teacher Quality                                                        | Indirect       | 84.367                    | 020-210173                  | 7/2/20-9/30/21                       | 111,547              | -                                         | 29,996                     | 29,996 (2)                        | -                  | -                   | -                                  |                     |
| Title II - Improving Teacher Quality                                                        | Indirect       | 84.367                    | 020-220173                  | 7/1/21-9/30/22                       | 112,531              | -                                         | 82,578                     | -                                 | 112,531            | 112,531             | 29,953                             |                     |
| Title IV - SSAE                                                                             | Indirect       | 84.424                    | 144-210173                  | 7/2/20-9/30/21                       | 75,775               | -                                         | -                          | (19,192)                          | 19,192             | 19,192              | -                                  |                     |
| Title IV - SSAE                                                                             | Indirect       | 84.424                    | 144-220173                  | 7/1/21-9/30/22                       | 71,685               | -                                         | 19,105                     | -                                 | 4,394              | 4,394               | (14,711)                           |                     |
| COVID-19 - GEER Fund (CEEG)                                                                 | Indirect       | 84.425C                   | 253-200173                  | 3/13/20-9/30/21                      | 46,000               | -                                         | 38,737                     | (677)                             | 39,414             | 39,414              | (1)                                |                     |
| COVID-19 - GEER Fund (aTSI)                                                                 | Indirect       | 84.425C                   | 254-200173                  | 3/13/20-9/30/21                      | 45,415               | -                                         | 14,342                     | (3,996)                           | 18,338             | 18,338              | (1)                                |                     |
| COVID-19 - ESSER I Fund Local                                                               | Indirect       | 84.425D                   | 200-200173                  | 3/13/20-9/30/21                      | 820,658              | -                                         | -                          | (30,941)                          | 30,941             | 30,941              | (1)                                |                     |
| COVID-19 - ESSER II Fund Local                                                              | Indirect       | 84.425D                   | 200-210173                  | 3/13/20-9/30/23                      | 3,520,035            | 1,309,457                                 | 124,886                    | -                                 | 1,522,272          | 1,522,272           | (1)                                |                     |
| COVID-19 - ARP ESSER III Fund Local                                                         | Indirect       | 84.425U                   | 223-210173                  | 3/13/20-9/30/24                      | 7,120,012            | 2,718,550                                 | -                          | -                                 | 3,221,998          | 3,221,998           | (1)                                |                     |
| ARP ESSER 7% (Learning Loss)                                                                | Indirect       | 84.425U                   | 225-210173                  | 3/13/20-9/30/24                      | 395,275              | 50,308                                    | -                          | -                                 | 84,446             | 84,446              | (1)                                |                     |
| ARP ESSER 7% (Summer Programs)                                                              | Indirect       | 84.425U                   | 225-210173                  | 3/13/20-9/30/24                      | 79,055               | 10,062                                    | -                          | -                                 | 19,342             | 19,342              | (1)                                |                     |
| ARP ESSER 7% (After School Programs)                                                        | Indirect       | 84.425U                   | 225-210173                  | 3/13/20-9/30/24                      | 79,055               | 10,062                                    | -                          | -                                 | 591                | 591                 | (1)                                |                     |
| ARP ESSER 2.5%                                                                              | Indirect       | 84.425U                   | 224-210173                  | 3/13/20-9/30/24                      | 41,504               | 2,264                                     | -                          | -                                 | 41,504             | 41,504              | (1)                                |                     |
| ARP ESSER (Homeless Children and Youth)                                                     | Indirect       | 84.425W                   | 181-212172                  | 7/1/21-9/30/24                       | 35,507               | -                                         | -                          | -                                 | 30,000             | 30,000              | (1)                                |                     |
| <b>Total Passed through Pa. Dept. of Education</b>                                          |                |                           |                             |                                      |                      |                                           | <b>\$ -</b>                | <b>\$ 5,342,868</b>               | <b>\$ 277,765</b>  | <b>\$ 6,140,965</b> | <b>\$ 6,140,965</b>                | <b>\$ 1,075,862</b> |
| <b>Passed through Pa. Commission on Crime and Delinquency:</b>                              |                |                           |                             |                                      |                      |                                           |                            |                                   |                    |                     |                                    |                     |
| COVID-19 - ESSER I Fund Local                                                               | Indirect       | 84.425D                   | 2020-ES-01-35287            | 3/13/20-9/30/22                      | \$ 76,154            | \$ -                                      | \$ 76,154                  | \$ 45,113                         | \$ 31,041          | \$ 31,041           | \$ -                               |                     |
| <b>Total passed through Pa. Commission on Crime and Delinquency</b>                         |                |                           |                             |                                      |                      |                                           | <b>\$ -</b>                | <b>\$ 76,154</b>                  | <b>\$ 45,113</b>   | <b>\$ 31,041</b>    | <b>\$ 31,041</b>                   | <b>\$ -</b>         |
| <b>Passed through Westmoreland Intermediate Unit: (Special Education Cluster)</b>           |                |                           |                             |                                      |                      |                                           |                            |                                   |                    |                     |                                    |                     |
| IDEA                                                                                        | Indirect       | 84.027                    | 062-21-0000                 | 7/1/20-6/30/21                       | \$ 568,040           | \$ -                                      | \$ 568,040                 | \$ 568,040                        | \$ -               | \$ -                | \$ -                               |                     |
| IDEA                                                                                        | Indirect       | 84.027                    | 062-22-0000                 | 7/1/21-6/30/22                       | 668,178              | -                                         | 449,245                    | -                                 | 668,178            | 668,178             | 218,933                            |                     |
| IDEA Section 619                                                                            | Indirect       | 84.173                    | N/A                         | 7/1/20-6/30/21                       | 3,690                | -                                         | 3,690                      | 3,690                             | -                  | -                   | -                                  |                     |
| IDEA Section 619                                                                            | Indirect       | 84.173                    | N/A                         | 7/1/21-6/30/22                       | 2,448                | -                                         | -                          | -                                 | 2,448              | 2,448               | -                                  |                     |
| COVID-19 - ARP IDEA                                                                         | Indirect       | 84.027X                   | 062-22-0000                 | 7/1/21-9/30/23                       | 137,463              | -                                         | 92,108                     | -                                 | 137,463            | 137,463             | 45,355                             |                     |
| <b>Total Passed through Westmoreland Intermediate Unit (Special Education Cluster)</b>      |                |                           |                             |                                      |                      |                                           | <b>\$ -</b>                | <b>\$ 1,113,083</b>               | <b>\$ 571,730</b>  | <b>\$ 808,089</b>   | <b>\$ 808,089</b>                  | <b>\$ 266,736</b>   |
| <b>Passed through Pa. Dept. of Education: (Special Education Cluster)</b>                   |                |                           |                             |                                      |                      |                                           |                            |                                   |                    |                     |                                    |                     |
| COVID-19 SECIM                                                                              | Indirect       | 84.027                    | 252-200173                  | 7/1/20-9/30/21                       | \$ 23,668            | \$ -                                      | \$ 15,779                  | \$ 11,892                         | \$ 3,887           | \$ 3,887            | \$ -                               |                     |
| <b>Total Passed through from Pa. Dept. of Education</b>                                     |                |                           |                             |                                      |                      |                                           | <b>\$ -</b>                | <b>\$ 15,779</b>                  | <b>\$ 11,892</b>   | <b>\$ 3,887</b>     | <b>\$ -</b>                        |                     |
| <b>Total Special Education Cluster</b>                                                      |                |                           |                             |                                      |                      |                                           | <b>\$ -</b>                | <b>\$ 1,128,862</b>               | <b>\$ 583,622</b>  | <b>\$ 811,976</b>   | <b>\$ 811,976</b>                  | <b>\$ 266,736</b>   |
| <b>TOTAL DEPARTMENT OF EDUCATION</b>                                                        |                |                           |                             |                                      |                      |                                           | <b>\$ -</b>                | <b>\$ 6,547,884</b>               | <b>\$ 906,500</b>  | <b>\$ 6,983,982</b> | <b>\$ 6,983,982</b>                | <b>\$ 1,342,598</b> |
| <b>U.S. Department of Agriculture:</b>                                                      |                |                           |                             |                                      |                      |                                           |                            |                                   |                    |                     |                                    |                     |
| <b>Passed through Pa. Dept. of Education: (Child Nutrition Cluster)</b>                     |                |                           |                             |                                      |                      |                                           |                            |                                   |                    |                     |                                    |                     |
| National School Lunch Program                                                               | Indirect       | 10.555                    | N/A                         | 7/1/20-6/30/21                       | N/A                  | \$ -                                      | \$ 15,714                  | \$ 15,714                         | \$ -               | \$ -                | (1) \$ -                           |                     |
| Breakfast Program                                                                           | Indirect       | 10.553                    | N/A                         | 7/1/20-6/30-21                       | N/A                  | -                                         | 5,365                      | 5,365                             | -                  | -                   | (1) -                              |                     |
| Lunch Program                                                                               | Indirect       | 10.555                    | N/A                         | 7/1/21-6/30/22                       | N/A                  | -                                         | 1,099,472                  | -                                 | 1,118,356          | 1,118,356           | (1) 18,884                         |                     |
| Breakfast Program                                                                           | Indirect       | 10.553                    | N/A                         | 7/1/21-6/30/22                       | N/A                  | -                                         | 398,350                    | -                                 | 406,353            | 406,353             | (1) 8,003                          |                     |
| Supply Chain Assistance                                                                     | Indirect       | 10.555                    | N/A                         | 7/1/21-6/30/22                       | N/A                  | -                                         | 56,553                     | -                                 | 56,553             | 56,553              | (1) -                              |                     |
| SNP Emergency Operating Costs                                                               | Indirect       | 10.555                    | N/A                         | 7/1/21-6/30/22                       | N/A                  | -                                         | 30,923                     | -                                 | 30,923             | 30,923              | (1) -                              |                     |
| <b>Total passed through Pa. Department of Education (Child Nutrition Program Cluster)</b>   |                |                           |                             |                                      |                      |                                           | <b>\$ -</b>                | <b>\$ 1,606,377</b>               | <b>\$ 21,079</b>   | <b>\$ 1,612,185</b> | <b>\$ 1,612,185</b>                | <b>\$ 26,887</b>    |
| <b>Passed through Pa. Dept. of Agriculture: (Child Nutrition Program Cluster)</b>           |                |                           |                             |                                      |                      |                                           |                            |                                   |                    |                     |                                    |                     |
| National School Lunch Program                                                               | Indirect       | 10.555                    | N/A                         | 7/1/21-6/30/22                       | N/A                  | -                                         | 99,124 *                   | (6,558) **                        | 87,673             | 87,673              | (1) (18,009) ***                   |                     |
| <b>Total passed through Pa. Department of Agriculture (Child Nutrition Program Cluster)</b> |                |                           |                             |                                      |                      |                                           | <b>\$ -</b>                | <b>\$ 99,124</b>                  | <b>\$ (6,558)</b>  | <b>\$ 87,673</b>    | <b>\$ (18,009)</b>                 |                     |
| <b>Total Child Nutrition Program Cluster</b>                                                |                |                           |                             |                                      |                      |                                           | <b>\$ -</b>                | <b>\$ 1,705,501</b>               | <b>\$ 14,521</b>   | <b>\$ 1,699,858</b> | <b>\$ 1,699,858</b>                | <b>\$ 8,878</b>     |
| <b>Passed through Pa. Department of Education:</b>                                          |                |                           |                             |                                      |                      |                                           |                            |                                   |                    |                     |                                    |                     |
| P-EBT Local Admin Funds                                                                     | Indirect       | 10.649                    | N/A                         | 7/1/21-6/30/22                       | N/A                  | \$ -                                      | \$ 3,063                   | \$ -                              | \$ 3,063           | \$ 3,063            | \$ -                               |                     |
| Child Care                                                                                  | Indirect       | 10.558                    | N/A                         | 7/1/21-6/30/22                       | N/A                  | -                                         | 52,396                     | -                                 | 52,396             | 52,396              | -                                  |                     |
| CACFP Emergency Operating Costs                                                             | Indirect       | 10.558                    | N/A                         | 7/1/21-6/30/22                       | N/A                  | -                                         | 5,930                      | -                                 | 5,930              | 5,930               | -                                  |                     |
| <b>Total passed through Pa. Department of Education</b>                                     |                |                           |                             |                                      |                      |                                           | <b>\$ -</b>                | <b>\$ 61,389</b>                  | <b>\$ -</b>        | <b>\$ 61,389</b>    | <b>\$ 61,389</b>                   | <b>\$ -</b>         |
| <b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>                                                 |                |                           |                             |                                      |                      |                                           | <b>\$ -</b>                | <b>\$ 1,766,890</b>               | <b>\$ 14,521</b>   | <b>\$ 1,761,247</b> | <b>\$ 1,761,247</b>                | <b>\$ 8,878</b>     |
| <b>U.S. Department of Health and Human Services:</b>                                        |                |                           |                             |                                      |                      |                                           |                            |                                   |                    |                     |                                    |                     |
| <b>Passed through Pa. Dept. of Human Services:</b>                                          |                |                           |                             |                                      |                      |                                           |                            |                                   |                    |                     |                                    |                     |
| Title 19                                                                                    | Indirect       | 93.778                    | N/A                         | 7/1/20-6/30/21                       | N/A                  | \$ -                                      | \$ 9,003                   | \$ 9,003                          | \$ -               | \$ -                | \$ -                               |                     |
| Title 19                                                                                    | Indirect       | 93.778                    | N/A                         | 7/1/21-6/30/22                       | N/A                  | -                                         | 2,136                      | -                                 | 11,851             | 11,851              | 9,715                              |                     |
| <b>Total passed through Pa. Dept. of Human Services</b>                                     |                |                           |                             |                                      |                      |                                           | <b>\$ -</b>                | <b>\$ 11,139</b>                  | <b>\$ 9,003</b>    | <b>\$ 11,851</b>    | <b>\$ 9,715</b>                    |                     |
| <b>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>                                        |                |                           |                             |                                      |                      |                                           | <b>\$ -</b>                | <b>\$ 11,139</b>                  | <b>\$ 9,003</b>    | <b>\$ 11,851</b>    | <b>\$ 9,715</b>                    |                     |
| <b>TOTAL FEDERAL ASSISTANCE</b>                                                             |                |                           |                             |                                      |                      |                                           | <b>\$ -</b>                | <b>\$ 8,325,913 #</b>             | <b>\$ 930,024</b>  | <b>\$ 8,757,080</b> | <b>\$ 8,757,080</b>                | <b>\$ 1,361,191</b> |

**# Reconciliation with federal subsidy confirmation:**

|                                         |                     |
|-----------------------------------------|---------------------|
| Per above                               | \$ 8,325,913        |
| School Lunch/Breakfast matching subsidy | 48,902              |
| IDEA                                    | (1,113,083)         |
| Title 19                                | (11,139)            |
| Medical Assistance - Access             | 225,859             |
| PCCD                                    | (78,154)            |
| Donated commodities                     | (99,124)            |
| Per confirmation                        | <b>\$ 7,301,174</b> |

\* Total USDA Commodity Received

|                                                                                                                                            |
|--------------------------------------------------------------------------------------------------------------------------------------------|
| ** Represents beginning inventory - 7/1/21                                                                                                 |
| *** Represents ending inventory - 6/30/22                                                                                                  |
| (1) Denotes Major Program                                                                                                                  |
| (2) Receivable at 6/30/2021 increased by \$4,550 from \$25,446 to \$29,996 to reflect proper program expenditures of 2020-2021 fiscal year |

**GREENSBURG SALEM SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2022**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the 'Schedule') includes the federal grant activity administered by the Greensburg Salem School District 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 Grant Guidance – UGG)*. Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position or changes in net position of the Greensburg Salem School District.

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

**BASIS OF ACCOUNTING**

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

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

**NOTE 3 - RELATIONSHIP TO FINANCIAL STATEMENTS**

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

**NOTE 4 – RECEIVABLES AND UNEARNED REVENUE**

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

**NOTE 5 - NON-CASH ASSISTANCE**

The Greensburg Salem School District received donated commodities from the Department of Agriculture in connection with its food service program. The amount of non-cash assistance expended in the accompanying schedule of expenditures of federal awards reflects the fair market value of the commodities used during the 2021-2022 fiscal year.

**NOTE 6 – INDIRECT COST RATE**

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

**GREENSBURG SALEM SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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

**Financial Statements**

Type of auditor’s report issued Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?   X   yes        no
- Significant deficiency(ies) identified?        yes   X   no

Noncompliance material to financial statements noted?        yes   X   no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?   X   yes        no
- Significant deficiency(ies) identified?        yes   X   no

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

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

Identification of major programs:

| <b><u>Assistance Listing Number</u></b> | <b><u>Name of Federal Program or Cluster</u></b>                                                      |
|-----------------------------------------|-------------------------------------------------------------------------------------------------------|
| 10.555                                  | National School Lunch Program (Child Nutrition Cluster)                                               |
| 10.555                                  | Supply Chain Assistance (Child Nutrition Cluster)                                                     |
| 10.555                                  | SNP Emergency Operating Costs (Child Nutrition Cluster)                                               |
| 10.553                                  | National School Breakfast Program (Child Nutrition Cluster)                                           |
| 84.425C                                 | Governor’s Emergency Education Relief (GEER) Fund                                                     |
| 84.425D                                 | Elementary and Secondary School Emergency Relief Fund                                                 |
| 84.425U                                 | American Rescue Plan – Elementary and Secondary School<br>Emergency Relief                            |
| 84.425U                                 | American Rescue Plan – Elementary and Secondary School<br>Emergency Relief – 7%                       |
| 84.425W                                 | American Rescue Plan – Emergency and Secondary School<br>Emergency Relief – Homeless Children & Youth |

The dollar threshold for distinguishing type A and type B programs:

|                |                        |
|----------------|------------------------|
| Type A Program | \$750,000-\$25,000,000 |
| Type B Program | Less than \$750,000    |

Auditee qualified as low-risk auditee?        yes   X   no

**Section II – Financial Statement Findings**

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

See Findings 2022-001 and 2022-002 under Section III – Federal Award Findings and Questioned Costs.



**GREENSBURG SALEM SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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

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

**DEPARTMENT OF EDUCATION:**

- **FINDING 2022-001 – PROCUREMENT PROCEDURES**

**AMERICAN RESCUE PLAN (ARP) ELEMENTARY AND SECONDARY SCHOOL  
EMERGENCY RELIEF FUND (ESSER) - ALN 84.425U**

**CONDITION:** The Greensburg Salem School District contracted with a third-party vendor (Trinity Automated Solutions, Inc.) for the performance of a HVAC Upgrades construction project at the District. The contract with the third-party vendor, which was procured through a cooperative purchasing group, exceeded the threshold for competitive procurement. The District was unable to provide documentation to verify that the third-party procurement contract was competitively procured, such as a bid evaluation and public solicitation.

**CRITERIA:** 24 Pa. Statutes 751 of the Public School Code and Section 2 CFR 200.318(i) of the Uniform Guidance prescribes the bidding requirements for equipment, supplies, and work of any nature made by a school district whereby the cost exceeds certain dollar thresholds as adjusted annually for an inflation index. The HVAC Upgrades construction project exceeded the simplified acquisition threshold of \$250,000. As specified in 2 CFR 200.318(i) of the Uniform Guidance, the District must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

**CAUSE:** School District personnel directly responsible for the oversight and execution of this contract interpreted that the requirement specified by 2 CFR 200.318(i), would be met through the cooperative purchasing process based on an analysis of the documentation provided to them by the third-party vendor, however the District maintained no records internally to support this compliance.

**EFFECT:** The Greensburg Salem School District did not comply with the requirements of 2 CFR 200.318(i) of the Uniform Guidance with regard to maintaining records sufficient to detail the history of procurement for the HVAC Upgrades construction project.

**QUESTIONED COST:** \$2,627,200

**RECOMMENDATION:** I am recommending that the management of the School District review and update as necessary its procurement policies to ensure retention of the appropriate procurement documentation, in all instances, including such instances whereby the District is using a contract vehicle from a cooperative purchase network so as to comply with all applicable sections of the Uniform Guidance, in specifically, Section 2 CFR 200.318(i) of the Uniform Guidance. In addition, I am recommending that management contact the PA Department of Education, and explain the circumstances and oversight, and seek direction as to the allowability of this program cost in writing for their permanent files.

**GREENSBURG SALEM SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**III – Federal Award Findings and Questioned Costs**  
**(Continued)**

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

**DEPARTMENT OF EDUCATION:**

- **FINDING 2022-001 – PROCUREMENT PROCEDURES (Continued)**

**AMERICAN RESCUE PLAN (ARP) ELEMENTARY AND SECONDARY SCHOOL  
EMERGENCY RELIEF FUND (ESSER) - ALN 84.425U**

**VIEWS OF RESPONSIBLE OFFICIALS:** Management of the School District has reviewed the above noted finding and recommendation and have developed a corresponding 'Corrective Action Plan' to address this matter (See Corrective Action Plan).

- **FINDING 2022-002 – PROCUREMENT PROCEDURES**

**AMERICAN RESCUE PLAN (ARP) ELEMENTARY AND SECONDARY SCHOOL  
EMERGENCY RELIEF FUND (ESSER) - ALN 84.425U**

**CONDITION:** The Greensburg Salem School District does not take affirmative action steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible, in the procurement process.

**CRITERIA:** In accordance with Section 2 CFR 200.321(a) of the Uniform Guidance, the District must take all necessary affirmative action steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible. The Uniform Guidance specifies six (6) affirmative action steps that must be taken.

**CAUSE:** School District personnel stated that these businesses are considered but recognized that no affirmative action steps are currently employed to solicit these businesses.

**EFFECT:** The Greensburg Salem School District did not comply with the requirements of 2 CFR 200.321(a) of the Uniform Guidance with regard to required affirmative action steps to be employed in the procurement process.

**QUESTIONED COST:** None

**RECOMMENDATION:** I am recommending that the management of the School District implement, as a matter of policy, the six (6) recommended affirmative action steps as stated in Section 2 CFR 200.321(a) of the Uniform Guidance.

**VIEWS OF RESPONSIBLE OFFICIALS:** Management of the School District has reviewed the above noted finding and recommendation and have developed a corresponding 'Corrective Action Plan' to address this matter (See Corrective Action Plan).



# GREENSBURG SALEM SCHOOL DISTRICT

1 ACADEMY HILL - GREENSBURG, PENNSYLVANIA 15601-1567

DR. KENNETH BISSELL  
Superintendent

ALLISON WILLIS  
Business Manager/Board Secretary  
724-832-2914

## CORRECTIVE ACTION PLAN

### Department of Education:

The Greensburg Salem School District respectfully submits the following corrective action plan for the year ended June 30, 2022.

### Name and Address of the Independent Public Accounting Firm:

Mark C. Turnley, Certified Public Accountant  
1000 3<sup>rd</sup> Avenue  
New Brighton, Pa. 15066

### Audit Period: July 1, 2021 through June 30, 2022

The findings for the year ended June 30, 2022 as presented in the Schedule of Findings and Questioned Costs – Section III – Federal Award Findings and Questioned Costs, and Greensburg Salem School District’s planned corrective action are as follows:

- **FINDING 2022-001 – PROCUREMENT PROCEDURES**

#### **AMERICAN RESCUE PLAN (ARP) ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF FUND (ESSER) - ALN 84.425U**

**CONDITION:** The Greensburg Salem School District contracted with a third-party vendor (Trinity Automated Solutions, Inc.) for the performance of a HVAC Upgrades construction project at the District. The contract with the third-party vendor, which was procured through a cooperative purchasing group, exceeded the threshold for competitive procurement. The District was unable to provide documentation to verify that the third-party procurement contract was competitively procured, such as a bid evaluation and public solicitation.

**CRITERIA:** 24 Pa. Statutes 751 of the Public School Code and Section 2 CFR 200.318(i) of the Uniform Guidance prescribes the bidding requirements for equipment, supplies, and work of any nature made by a school district whereby the cost exceeds certain dollar thresholds as adjusted annually for an inflation index. The HVAC Upgrades construction project exceeded the simplified acquisition threshold of \$250,000. As specified in 2 CFR 200.318(i) of the Uniform Guidance, the District must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

## GREENSBURG SALEM SCHOOL DISTRICT

### CORRECTION ACTION PLAN (Continued)

- **FINDING 2022-001 – PROCUREMENT PROCEDURES**

**AMERICAN RESCUE PLAN (ARP) ELEMENTARY AND SECONDARY SCHOOL  
EMERGENCY RELIEF FUND (ESSER) - ALN 84.425U**

**MANAGEMENT’S CORRECTIVE ACTION PLAN:** Management will review and update as necessary, it’s current procurement policies and procedures to ensure compliance with all applicable sections of the Uniform Guidance, in specifically, Section 2 CFR 200.318(i) of the Uniform Guidance. The timeframe for completion of this process will commence immediately with an anticipated completion date of September 1, 2023, and will continue on an ongoing basis as required by new policy directives from oversight agencies. In addition, management will respond with additional measures considered necessary by the Pennsylvania Department of Education upon review of this finding and management’s corrective action plan.

- **FINDING 2022-002 – PROCUREMENT PROCEDURES**

**AMERICAN RESCUE PLAN (ARP) ELEMENTARY AND SECONDARY SCHOOL  
EMERGENCY RELIEF FUND (ESSER) - ALN 84.425U**

**CONDITION:** The Greensburg Salem School District does not take affirmative action steps to assure that minority businesses, women’s business enterprises, and labor surplus area firms are used when possible, in the procurement process.

**CRITERIA:** In accordance with Section 2 CFR 200.321(a) of the Uniform Guidance, the District must take all necessary affirmative action steps to assure that minority businesses, women’s business enterprises, and labor surplus area firms are used when possible. The Uniform Guidance specifies six (6) affirmative action steps that must be taken.

**MANAGEMENT’S CORRECTIVE ACTION PLAN:** Management of the School District, as a matter of policy, will implement the six (6) recommended affirmative action steps as stated in Section 2 CFR 200.321(a) of the Uniform Guidance. The timeframe for completion of this process will commence immediately with an anticipated completion date of September 1, 2023 and be implemented on all subsequent procurement instances that are applicable.

**District Officials Responsible for the Implementation of the Corrective Action Plan:**

Dr. Kenneth Bissell, Superintendent, and Allison Willis, Business Manager

**GREENSBURG SALEM SCHOOL DISTRICT**  
**STATUS OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDING JUNE 30, 2022**

The audit report of the Greensburg Salem School District for the year ended June 30, 2021, dated February 8, 2022, contained no audit findings.