

GROVE CITY AREA SCHOOL DISTRICT

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## **FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2021**

**GROVE CITY AREA  
SCHOOL DISTRICT**  
MERCER 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, 2021**

**GROVE CITY AREA SCHOOL DISTRICT**  
**MERCER COUNTY, PENNSYLVANIA**  
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**MERCER COUNTY, PENNSYLVANIA**  
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**To the Management and Board of Education  
Grove City Area School District**

## **Independent Auditor's Report**

### **Report on Financial Statements**

I have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Grove City Area School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Grove City Area School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Grove City Area School District's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Grove City Area School District as of June 30, 2021 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.

## **Emphasis of Matter**

As discussed in Note 1 and Note 16 to the financial statements, the District adopted new accounting guidance GASB Statement No. 84, *"Fiduciary Activities"*. My opinions are not modified with respect to this matter.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages iv-xiii, and the other required supplementary information on pages 46-53, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

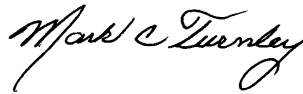
### ***Other Information***

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Grove City Area School District's basic financial statements. The accompanying supplementary schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, I have also issued my report dated November 1, 2021 on my consideration of the Grove City Area 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 Grove City Area School District's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Mark C. Turnley". The signature is written in a cursive, flowing style.

Mark C. Turnley, CPA

November 3, 2021  
New Brighton, Pennsylvania

**GROVE CITY AREA SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021**

The discussion and analysis of Grove City Area School District's financial performance provides an overall review of the School District's financial activities for the year ended June 30, 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the financial statements and notes to enhance their understanding of the School District's financial performance.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for 2021 are as follows:

- The District's total governmental activities net position as of June 30, 2021 was a deficit of \$21,420,460. Business-type activities net position was a deficit of \$845,347. This was a total decrease in net position of \$1,788,097 over June 30, 2020. This decrease was mainly the result of the District's required implementation of GASB 75 'Accounting and Financial Reporting for Postemployment Benefits other than Pensions' which started with the June 30, 2018 fiscal year and GASB 68 'Accounting and Financial Reporting for Pensions' which started with the June 30, 2015 fiscal year. The District is now required to recognize a liability for their post-employment healthcare plan, to recognize a liability for their proportionate share of the Pennsylvania School Employees Retirement System (PSERS) overall net healthcare obligation, and to recognize their proportionate share of the Pennsylvania School Employees Retirement System (PSERS) overall net pension obligation. For the Grove Area School District, these liabilities are as follows as of June 30, 2021: \$9,418,000, \$2,727,340, and \$62,151,600, respectively for the governmental activities and \$0, \$55,660, and \$1,268,400, respectively for the business-type activities as of June 30, 2021, which is a net increase of \$3,749,000. (Exhibit A).
- Net position decreased in total by \$1,788,097. Net position of the governmental activities decreased by \$1,861,838 and net position in business-type activities increased by \$73,741. (Exhibit B)
- Total governmental activities revenues were \$41,974,114. General Revenues accounted for \$24,373,217 or 58% of all revenues. Program specific revenues in the form of charges for services and grants accounted for \$17,600,897 or 42% of total revenues. (Exhibit B)
- The School District had \$41,012,640 in expenses related to governmental activities; \$24,402,549 of these expenses were offset by program specific charges for services and grants. General revenue (primarily taxes and basic subsidy) of \$22,540,711 covered a majority of the remaining net cost of program expenses. (Exhibit B)
- At the end of the current fiscal year, unassigned fund balance of the general fund was \$3,163,573.

**GROVE CITY AREA SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021**

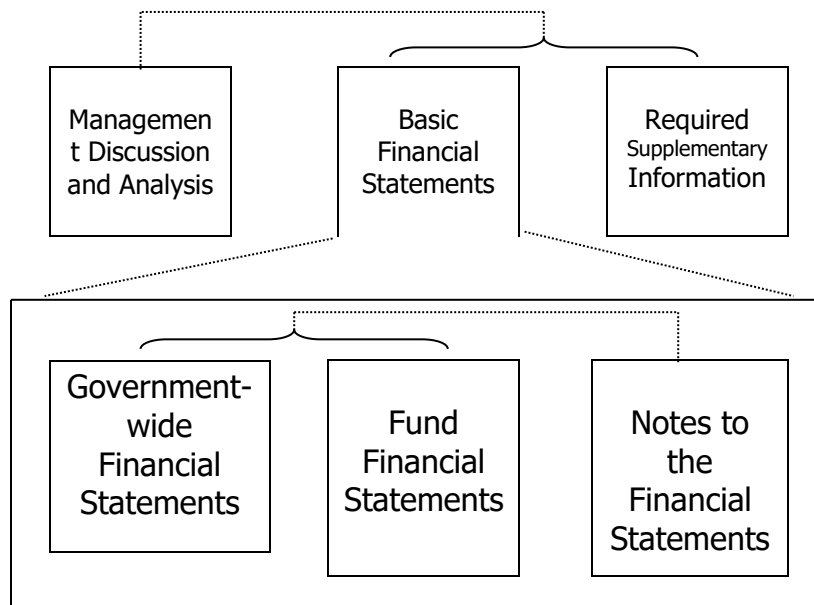
**USING THE ANNUAL REPORT**

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

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

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

Figure A-1  
Required components of  
Grove City Area School District's  
Financial Report



**GROVE CITY AREA SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021**

**USING THE ANNUAL REPORT (Continued)**

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

Figure A-2  
Major Features of Grove City Area School District's  
Government-wide and Fund Financial Statements

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

**GROVE CITY AREA SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021**

**REPORTING THE SCHOOL DISTRICT AS A WHOLE**

**Governmental-Wide Financial Statements**

**Statement of Net Position and the Statement of Activities**

While this document contains a majority of the funds (excludes fiduciary funds) used by the School District to provide programs and activities, the view of the School District as a whole, looks at all financial transactions and asks the questions, “How did we do financially during 2020-2021”? The Statement of Net Position and the Statement of Activities answer the question. These statements include all assets and liabilities using the accrual basis of accounting which is similar to the accounting used by most public companies. The accrual basis of accounting takes into account all of the current year’s revenues and expenses regardless of when cash is received or paid. The change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District’s property tax base, student enrollment, facility conditions, required educational programs and other factors.

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

Governmental Activities – Most of the School District’s programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Business-Type Activities – These services are provided on a charge for goods or services basis to recover the expenses of the goods or services provided. The School District Food Service Fund is reported as a business activity.

These Governmental-Wide Financial Statements can be found on pages 1-2 of this report.

**GROVE CITY AREA SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021**

**REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS**

**Fund Financial Statements**

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

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

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

**Fiduciary Funds** – Fiduciary fund statements provide information about financial relationships where the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position on Pages 11, 12, and 13.

**THE SCHOOL DISTRICT AS A WHOLE**

The District's total net position decreased \$4,676,981 from the previous fiscal year-end. A comparative breakdown of the assets, deferred outflows, liabilities, deferred inflows and net position of the District for the past two fiscal years is as follows:

**GROVE CITY AREA SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021**

**THE SCHOOL DISTRICT AS A WHOLE (Continued)**

Table A-1  
Fiscal Year ended June 30, 2021 and 2020  
Net Position

|                                                                | ----- JUNE 30, 2021 -----  |                             |                        | JUNE 30, 2020          |
|----------------------------------------------------------------|----------------------------|-----------------------------|------------------------|------------------------|
|                                                                | GOVERNMENTAL<br>ACTIVITIES | BUSINESS-TYPE<br>ACTIVITIES | TOTAL                  | TOTAL                  |
| Current Assets                                                 | \$ 21,958,444              | \$ 297,254                  | \$ 22,255,698          | \$ 26,699,432          |
| Capital Assets                                                 | 64,405,837                 | 86,024                      | 64,491,861             | 62,098,428             |
| Deferred Outflows of Resources                                 | 11,058,400                 | 189,034                     | 11,247,434             | 9,377,849              |
| <b>TOTAL ASSETS AND DEFERRED<br/>OUTFLOWS OF RESOURCES</b>     | <b>\$ 97,422,681</b>       | <b>\$ 572,312</b>           | <b>\$ 97,994,993</b>   | <b>\$ 98,175,709</b>   |
| Current Liabilities                                            | \$ 7,859,546               | \$ 26,331                   | \$ 7,885,877           | \$ 7,997,528           |
| Long-term Liabilities                                          | 103,825,555                | 1,337,368                   | 105,162,923            | 102,070,891            |
| Deferred Inflows of Resources                                  | 7,158,040                  | 53,960                      | 7,212,000              | 8,585,000              |
| <b>TOTAL LIABILITIES AND DEFERRED<br/>INFLOWS OF RESOURCES</b> | <b>\$ 118,843,141</b>      | <b>\$ 1,417,659</b>         | <b>\$ 120,260,800</b>  | <b>\$ 118,653,419</b>  |
| Net Investment in                                              |                            |                             |                        |                        |
| Capital Assets                                                 | \$ 34,475,437              | \$ 86,024                   | \$ 34,561,461          | \$ 22,367,846          |
| Restricted                                                     | 5,355,993                  | -                           | 5,355,993              | 12,118,719             |
| Unrestricted (Deficit)                                         | (61,251,890)               | (931,371)                   | (62,183,261)           | (54,964,275)           |
| <b>TOTAL NET POSITION (Deficit)</b>                            | <b>\$ (21,420,460)</b>     | <b>\$ (845,347)</b>         | <b>\$ (22,265,807)</b> | <b>\$ (20,477,710)</b> |

The increase in capital assets is related to expenses associated with the Hillview Project in addition to other District capital expenses. The change in deferred outflows and inflows of resources along with the decrease in the District's net position is primarily attributed to the aforementioned implementation at June 30, 2015 of GASB 68 and June 30, 2018 of GASB 75.

The results of this year's operations as a whole are reported in the Statement of Activities on Page 2. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the District's activities that are supported by other general revenues. The two largest general revenues are the Basic Education Subsidy provided by the State of Pennsylvania, and the local taxes assessed to community taxpayers.

Table A-2 takes the information from the Statement of Activities, rearranges it slightly, so you can see our total revenues, expenses, and change to the net position for past two fiscal years.

**GROVE CITY AREA SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021**

**THE SCHOOL DISTRICT AS A WHOLE (Continued)**

Table A-2  
Fiscal Year ended June 30, 2021 and June 30, 2020  
Changes in Net Position

|                                      | JUNE 30, 2021              |                             |                       | JUNE 30, 2020        |
|--------------------------------------|----------------------------|-----------------------------|-----------------------|----------------------|
|                                      | GOVERNMENTAL<br>ACTIVITIES | BUSINESS-TYPE<br>ACTIVITIES | TOTAL                 | TOTAL                |
| <b>REVENUES</b>                      |                            |                             |                       |                      |
| <b>Program Revenues:</b>             |                            |                             |                       |                      |
| Charges for Services                 | \$ 5,998,560               | \$ 54,217                   | \$ 6,052,777          | \$ 8,605,775         |
| Grants and Contributions             | 12,473,369                 | 885,657                     | 13,359,026            | 9,729,103            |
| <b>General Revenues:</b>             |                            |                             |                       |                      |
| Property Taxes                       | 11,411,386                 | -                           | 11,411,386            | 11,825,952           |
| Other Taxes                          | 2,108,351                  | -                           | 2,108,351             | 2,087,172            |
| Grants, Subsidies and Contributions  | 8,921,744                  | -                           | 8,921,744             | 8,419,569            |
| Other                                | 99,230                     | 130                         | 99,360                | 533,429              |
| Proceeds - MCCC Refunding Bonds      | -                          | -                           | -                     | 1,509,660            |
| <b>TOTAL REVENUES</b>                | <b>\$ 41,012,640</b>       | <b>\$ 940,004</b>           | <b>\$ 41,952,644</b>  | <b>\$ 42,710,660</b> |
| <b>EXPENSES</b>                      |                            |                             |                       |                      |
| Instruction                          | \$ 28,486,939              | \$ -                        | \$ 28,486,939         | \$ 28,345,520        |
| Instructional Student Support        | 3,973,636                  | -                           | 3,973,636             | 3,444,114            |
| Administrative and Financial Support | 3,550,143                  | -                           | 3,550,143             | 3,650,057            |
| Operation and Maintenance of Plant   | 3,212,918                  | -                           | 3,212,918             | 3,120,718            |
| Pupil Transportation                 | 1,766,159                  | -                           | 1,766,159             | 1,605,023            |
| Student Activities                   | 920,234                    | -                           | 920,234               | 1,017,082            |
| Community Services                   | 2,530                      | -                           | 2,530                 | 7,472                |
| Interest on Long Term Debt           | 961,919                    | -                           | 961,919               | 984,771              |
| Food Services                        | -                          | 866,263                     | 866,263               | 798,973              |
| Refund of Prior Year Receipts        | -                          | -                           | -                     | 15                   |
| <b>TOTAL EXPENSES</b>                | <b>\$ 42,874,478</b>       | <b>\$ 866,263</b>           | <b>\$ 43,740,741</b>  | <b>\$ 42,973,745</b> |
| <b>CHANGE IN NET POSITION</b>        | <b>\$ (1,861,838)</b>      | <b>\$ 73,741</b>            | <b>\$ (1,788,097)</b> | <b>\$ (263,085)</b>  |

Revenues increased by \$758,016 primarily due to a decrease in tuition. In prior years these bonds were shown as a liability. Expenses increased by \$766,996 from 2019-2020 to 2020-2021 as a result of various expense categories increasing.

**GROVE CITY AREA SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021**

**THE SCHOOL DISTRICT AS A WHOLE (Continued)**

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

Table A-3  
Fiscal Year ended June 30, 2021 and June 30, 2020  
Governmental Activities

|                                                            | ----- JUNE 30, 2021 -----        |                                | ----- JUNE 30, 2020 -----        |                                |
|------------------------------------------------------------|----------------------------------|--------------------------------|----------------------------------|--------------------------------|
|                                                            | <u>TOTAL COST<br/>OF SERVICE</u> | <u>NET COST<br/>OF SERVICE</u> | <u>TOTAL COST<br/>OF SERVICE</u> | <u>NET COST<br/>OF SERVICE</u> |
| <b>EXPENSES</b>                                            |                                  |                                |                                  |                                |
| Instruction                                                | \$ 28,486,939                    | \$ 15,373,674                  | \$ 28,345,520                    | \$ 14,888,605                  |
| Instructional Student Support                              | 3,973,636                        | 2,032,670                      | 3,444,114                        | 2,239,871                      |
| Administrative and Financial Support                       | 3,550,143                        | 2,153,247                      | 3,650,057                        | 2,255,066                      |
| Operation and Maintenance of Plant                         | 3,212,918                        | 2,574,551                      | 3,120,718                        | 2,827,160                      |
| Pupil Transportation                                       | 1,766,159                        | 929,518                        | 1,605,023                        | 909,595                        |
| Student Activities                                         | 920,234                          | 707,980                        | 1,019,082                        | 873,646                        |
| Community Services                                         | 2,530                            | -                              | 7,472                            | 6,802                          |
| Interest on Long-term Debt                                 | 961,919                          | 630,909                        | 984,771                          | 575,115                        |
| Refund of Prior Year Receipts                              | -                                | -                              | 15                               | 15                             |
| <b>TOTAL EXPENSES</b>                                      | <b>\$ 42,874,478</b>             | <b>\$ 24,402,549</b>           | <b>\$ 42,176,772</b>             | <b>\$ 24,575,875</b>           |
| <b>Less:</b>                                               |                                  |                                |                                  |                                |
| Unrestricted Grants, Subsidies                             |                                  | 8,419,559                      |                                  | 8,419,569                      |
| <b>TOTAL NEEDS FROM LOCAL TAXES<br/>AND OTHER REVENUES</b> |                                  | <b>\$ 15,982,990</b>           |                                  | <b>\$ 16,156,306</b>           |

Table A-4 reflects the activities of the Food Service program, the only Business-type activity of the District.

Table A-4  
Fiscal Year ended June 30, 2021 and June 30, 2020  
Business-Type Activities

|                                       | ----- JUNE 30, 2021 -----        |                                | ----- JUNE 30, 2020 -----        |                                |
|---------------------------------------|----------------------------------|--------------------------------|----------------------------------|--------------------------------|
|                                       | <u>TOTAL COST<br/>OF SERVICE</u> | <u>NET COST<br/>OF SERVICE</u> | <u>TOTAL COST<br/>OF SERVICE</u> | <u>NET COST<br/>OF SERVICE</u> |
| <b>EXPENSES</b>                       |                                  |                                |                                  |                                |
| Food Service                          | \$ 866,263                       | \$ 73,611                      | \$ 798,973                       | \$ 64,992                      |
| Investment Earnings                   |                                  | 130                            |                                  | 2,565                          |
| <b>TOTAL BUSINESS-TYPE ACTIVITIES</b> |                                  |                                |                                  |                                |
| <b>CHANGE IN NET POSITION</b>         |                                  | <b>\$ 73,741</b>               |                                  | <b>\$ (62,427)</b>             |

**GROVE CITY AREA SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

**Revenues**

The District received additional grants related to the COVID-19 virus to help relieve the impact to the District.

- Elementary and Secondary School Emergency Relief Fund (ESSER I) \$357,429
- Elementary and Secondary School Emergency Relief Fund (ESSER II)  
\$1,159,283
- Elementary and Secondary School Emergency Relief Fund (ESSER III)  
\$1,305,765

Grove City George Junior Republic school tuition was under budget by \$3,401,250 due to low enrollment due to the COVID-19 virus.

Investment revenue was under budget by \$190,000 due to low interest rates.

**Expenditures**

The District budgeted \$1,194,000 in the budgetary reserve with expected vulnerable expenditures due to the COVID-19 virus.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2021, the District had \$64,491,861 invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents an increase (including additions, deletions, and depreciation) of \$2,393,433 or 3.9% from the prior year.

**Debt Administration**

As of July 1, 2020, the District had total outstanding bond principal of \$30,645,000 on its General Obligation Bond Issues and \$1,648,595 on the Mercer County Career Center General Obligation Note – Series 2014.

At June 30, 2021 the District had total outstanding debt of \$29,665,000 on its various bond issues. The District's outstanding balance on the MCCC School Building Revenue Bonds at June 30, 2021 was \$1,508,123. The Statement of Net Position reflects bonds payable at \$29,930,400, which includes an un-accreted bond premium of \$265,400. The District's portion of the outstanding balance due to the Mercer County Career Center is not reflected in the Statement of Net Position as the related assets purchased with the bond proceeds are not the property of the Grove City Area School District.

**GROVE CITY AREA SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021**

**CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)**

**Debt Administration (Continued)**

Other long-term obligations include the net pension liability, accrued vacation pay and sick leave for specific employees of the District, as well as retiree health insurance obligations. More detailed information about our long-term liabilities is included in Notes 10, 12 and 13 to the financial statements.

**CONTACTING THE DISTRICT FINANCIAL MANAGEMENT**

The financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the district's finances and to show the School District's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact the Grove City Area School District Business Office at 511 Highland Avenue, Grove City, PA 16127, 724-458-7993.

**GROVE CITY AREA SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

**EXHIBIT A**

|                                                                                | <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> | <b>Total</b>           |
|--------------------------------------------------------------------------------|------------------------------------|-------------------------------------|------------------------|
| <b>ASSETS</b>                                                                  |                                    |                                     |                        |
| <b>Current Assets:</b>                                                         |                                    |                                     |                        |
| Cash and Cash Equivalents                                                      | \$ 13,235,217                      | \$ 226,149                          | \$ 13,461,366          |
| Internal Balances                                                              | 6,733                              | (6,733)                             | -                      |
| Taxes Receivable (Net)                                                         | 1,050,766                          | -                                   | 1,050,766              |
| Due From Other Governments                                                     | 5,405,004                          | 50,349                              | 5,455,353              |
| Tuition Receivable (Net)                                                       | 2,255,502                          | -                                   | 2,255,502              |
| Inventories                                                                    | -                                  | 25,549                              | 25,549                 |
| Accrued Interest                                                               | 2,898                              | -                                   | 2,898                  |
| Other Accounts Receivable                                                      | -                                  | 1,940                               | 1,940                  |
| Prepaid Expenses                                                               | 2,324                              | -                                   | 2,324                  |
| <b>Total Current Assets</b>                                                    | <b>\$ 21,958,444</b>               | <b>\$ 297,254</b>                   | <b>\$ 22,255,698</b>   |
| <b>Noncurrent Assets:</b>                                                      |                                    |                                     |                        |
| Land                                                                           | \$ 50,000                          | \$ -                                | \$ 50,000              |
| Site Improvements (Net)                                                        | 971,122                            | -                                   | 971,122                |
| Building & Building Improvements (Net)                                         | 24,944,409                         | -                                   | 24,944,409             |
| Furniture & Equipment (Net)                                                    | 1,043,209                          | 86,024                              | 1,129,233              |
| Work in Progress                                                               | 37,397,097                         | -                                   | 37,397,097             |
| <b>Total Noncurrent Assets</b>                                                 | <b>\$ 64,405,837</b>               | <b>\$ 86,024</b>                    | <b>\$ 64,491,861</b>   |
| <b>TOTAL ASSETS</b>                                                            | <b>\$ 86,364,281</b>               | <b>\$ 383,278</b>                   | <b>\$ 86,747,559</b>   |
| <b>DEFERRED OUTFLOWS OF RESOURCES:</b>                                         |                                    |                                     |                        |
| Deferred Outflows Related to Pension                                           | \$ 9,276,776                       | \$ 182,205                          | \$ 9,458,981           |
| Deferred Outflows Related to OPEB                                              | 1,781,624                          | 6,829                               | 1,788,453              |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>                                    | <b>\$ 11,058,400</b>               | <b>\$ 189,034</b>                   | <b>\$ 11,247,434</b>   |
| <b>TOTAL ASSETS AND DEFERRED<br/>OUTFLOWS OF RESOURCES</b>                     | <b>\$ 97,422,681</b>               | <b>\$ 572,312</b>                   | <b>\$ 97,994,993</b>   |
| <b>LIABILITIES</b>                                                             |                                    |                                     |                        |
| <b>Current Liabilities:</b>                                                    |                                    |                                     |                        |
| Accounts Payable                                                               | \$ 120,731                         | \$ -                                | \$ 120,731             |
| Retainage Payable                                                              | 1,469,346                          | -                                   | 1,469,346              |
| Bonds Payable - Current Portion                                                | 710,000                            | -                                   | 710,000                |
| Accrued Interest Payable                                                       | 317,436                            | -                                   | 317,436                |
| Accrued Salaries and Benefits                                                  | 5,173,798                          | -                                   | 5,173,798              |
| Payroll Deductions and Withholdings                                            | 2,760                              | -                                   | 2,760                  |
| Unearned Revenue                                                               | 4,199                              | 26,331                              | 30,530                 |
| Other Current Liabilities                                                      | 61,276                             | -                                   | 61,276                 |
| <b>Total Current Liabilities</b>                                               | <b>\$ 7,859,546</b>                | <b>\$ 26,331</b>                    | <b>\$ 7,885,877</b>    |
| <b>Noncurrent Liabilities:</b>                                                 |                                    |                                     |                        |
| Compensated Absences                                                           | \$ 308,215                         | \$ 13,308                           | \$ 321,523             |
| Net Pension Liability                                                          | 62,151,600                         | 1,268,400                           | 63,420,000             |
| Net OPEB Liability                                                             | 12,145,340                         | 55,660                              | 12,201,000             |
| Bonds Payable - Long-Term Portion (Net)                                        | 29,220,400                         | -                                   | 29,220,400             |
| <b>Total Noncurrent Liabilities</b>                                            | <b>\$ 103,825,555</b>              | <b>\$ 1,337,368</b>                 | <b>\$ 105,162,923</b>  |
| <b>TOTAL LIABILITIES</b>                                                       | <b>\$ 111,685,101</b>              | <b>\$ 1,363,699</b>                 | <b>\$ 113,048,800</b>  |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                                          |                                    |                                     |                        |
| Deferred Inflows Related to Pension                                            | \$ 2,523,500                       | \$ 51,500                           | \$ 2,575,000           |
| Deferred Inflows Related to OPEB                                               | 4,634,540                          | 2,460                               | 4,637,000              |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                                     | <b>\$ 7,158,040</b>                | <b>\$ 53,960</b>                    | <b>\$ 7,212,000</b>    |
| <b>TOTAL LIABILITIES AND DEFERRED<br/>INFLOWS OF RESOURCES</b>                 | <b>\$ 118,843,141</b>              | <b>\$ 1,417,659</b>                 | <b>\$ 120,260,800</b>  |
| <b>NET POSITION</b>                                                            |                                    |                                     |                        |
| Net Investment in Capital Assets                                               | \$ 34,475,437                      | \$ 86,024                           | \$ 34,561,461          |
| Restricted for Capital Projects                                                | 5,355,993                          | -                                   | 5,355,993              |
| Unrestricted                                                                   | (61,251,890)                       | (931,371)                           | (62,183,261)           |
| <b>TOTAL NET POSITION (Deficit)</b>                                            | <b>\$ (21,420,460)</b>             | <b>\$ (845,347)</b>                 | <b>\$ (22,265,807)</b> |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES &amp; NET POSITION</b> | <b>\$ 97,422,681</b>               | <b>\$ 572,312</b>                   | <b>\$ 97,994,993</b>   |

The accompanying notes are an integral part of these financial statements

**GROVE CITY AREA SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**EXHIBIT B**

| Functions/Programs                                | Expenses             | Program Revenues        |                                          |                                        | Net (Expense) Revenue and<br>Changes in Net Position |                             |                        |
|---------------------------------------------------|----------------------|-------------------------|------------------------------------------|----------------------------------------|------------------------------------------------------|-----------------------------|------------------------|
|                                                   |                      | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities                           | Business-Type<br>Activities | Total                  |
| <b>Governmental Activities:</b>                   |                      |                         |                                          |                                        |                                                      |                             |                        |
| Instruction                                       | \$ 28,486,939        | \$ 4,430,759            | \$ 8,682,506                             | \$ -                                   | \$ (15,373,674)                                      |                             | \$ (15,373,674)        |
| Instructional Student Support                     | 3,973,636            | 534,246                 | 1,406,720                                | -                                      | (2,032,670)                                          |                             | (2,032,670)            |
| Administrative and Financial Support Services     | 3,550,143            | 983,727                 | 413,169                                  | -                                      | (2,153,247)                                          |                             | (2,153,247)            |
| Operation and Maintenance of Plant Services       | 3,212,918            | 49,543                  | 588,824                                  | -                                      | (2,574,551)                                          |                             | (2,574,551)            |
| Pupil Transportation                              | 1,766,159            | -                       | 836,641                                  | -                                      | (929,518)                                            |                             | (929,518)              |
| Student Activities                                | 920,234              | 285                     | 211,969                                  | -                                      | (707,980)                                            |                             | (707,980)              |
| Community Services                                | 2,530                | -                       | 2,530                                    | -                                      | -                                                    |                             | -                      |
| Interest on Long Term Debt                        | 961,919              | -                       | -                                        | 331,010                                | (630,909)                                            |                             | (630,909)              |
| <b>Total Governmental Activities</b>              | <b>\$ 42,874,478</b> | <b>\$ 5,998,560</b>     | <b>\$ 12,142,359</b>                     | <b>\$ 331,010</b>                      | <b>\$ (24,402,549)</b>                               |                             | <b>\$ (24,402,549)</b> |
| <b>Business-Type Activities:</b>                  |                      |                         |                                          |                                        |                                                      |                             |                        |
| Food Service                                      | \$ 866,263           | \$ 54,217               | \$ 885,657                               | \$ -                                   | \$ -                                                 | \$ 73,611                   | \$ 73,611              |
| <b>Total Business-Type Activities</b>             | <b>\$ 866,263</b>    | <b>\$ 54,217</b>        | <b>\$ 885,657</b>                        | <b>\$ -</b>                            | <b>\$ -</b>                                          | <b>\$ 73,611</b>            | <b>\$ 73,611</b>       |
| <b>Total Primary Government</b>                   | <b>\$ 43,740,741</b> | <b>\$ 6,052,777</b>     | <b>\$ 13,028,016</b>                     | <b>\$ 331,010</b>                      | <b>\$ (24,402,549)</b>                               | <b>\$ 73,611</b>            | <b>\$ (24,328,938)</b> |
| <b>General Revenues:</b>                          |                      |                         |                                          |                                        |                                                      |                             |                        |
| Taxes:                                            |                      |                         |                                          |                                        |                                                      |                             |                        |
| Property Taxes, Levied for General Purposes (net) |                      |                         |                                          |                                        | \$ 11,411,386                                        | \$ -                        | \$ 11,411,386          |
| Taxes Levied for Specific Purposes                |                      |                         |                                          |                                        | 2,108,351                                            | -                           | 2,108,351              |
| Property Tax Relief Payment                       |                      |                         |                                          |                                        | 502,185                                              | -                           | 502,185                |
| Basic Subsidy                                     |                      |                         |                                          |                                        | 8,419,559                                            | -                           | 8,419,559              |
| Investment Earnings                               |                      |                         |                                          |                                        | 24,962                                               | 130                         | 25,092                 |
| Miscellaneous Income                              |                      |                         |                                          |                                        | 74,268                                               | -                           | 74,268                 |
| <b>Total General Revenues</b>                     |                      |                         |                                          |                                        | <b>\$ 22,540,711</b>                                 | <b>\$ 130</b>               | <b>\$ 22,540,841</b>   |
| <b>Change in Net Position</b>                     |                      |                         |                                          |                                        | <b>\$ (1,861,838)</b>                                | <b>\$ 73,741</b>            | <b>\$ (1,788,097)</b>  |
| Net Position - July 1, 2020 (Deficit)             |                      |                         |                                          |                                        | (19,558,622)                                         | (919,088)                   | (20,477,710)           |
| <b>Net Position - June 30, 2021 (Deficit)</b>     |                      |                         |                                          |                                        | <b>\$ (21,420,460)</b>                               | <b>\$ (845,347)</b>         | <b>\$ (22,265,807)</b> |

The accompanying notes are an integral part of these financial statements

**GROVE CITY AREA SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2021**

**EXHIBIT C**

|                                                                                | <b>GENERAL<br/>FUND</b> | <b>CAPITAL<br/>PROJECTS<br/>FUND</b> | <b>TOTAL</b>         |
|--------------------------------------------------------------------------------|-------------------------|--------------------------------------|----------------------|
| <b>ASSETS:</b>                                                                 |                         |                                      |                      |
| Cash and Cash Equivalents                                                      | \$ 6,216,789            | \$ 7,018,428                         | \$ 13,235,217        |
| Due From Other Funds                                                           | 181,520                 | -                                    | 181,520              |
| Taxes Receivable, net                                                          | 1,050,766               | -                                    | 1,050,766            |
| Due From Other Governments                                                     | 5,405,004               | -                                    | 5,405,004            |
| Tuition Receivable (Net)                                                       | 2,255,502               | -                                    | 2,255,502            |
| Accrued Interest                                                               | 1,745                   | 1,153                                | 2,898                |
| Prepaid Expenses                                                               | 2,324                   | -                                    | 2,324                |
| <b>TOTAL ASSETS</b>                                                            | <b>\$ 15,113,650</b>    | <b>\$ 7,019,581</b>                  | <b>\$ 22,133,231</b> |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>           |                         |                                      |                      |
| <b>LIABILITIES:</b>                                                            |                         |                                      |                      |
| Accounts Payable                                                               | \$ 101,276              | \$ 19,455                            | \$ 120,731           |
| Retainage Payable                                                              | -                       | 1,469,346                            | 1,469,346            |
| Due to Other Funds                                                             | -                       | 174,787                              | 174,787              |
| Accrued Salaries and Benefits                                                  | 5,173,798               | -                                    | 5,173,798            |
| Payroll Deductions and Withholdings                                            | 2,760                   | -                                    | 2,760                |
| Unearned Revenue                                                               | 4,199                   | -                                    | 4,199                |
| Other Current Liabilities                                                      | 61,276                  | -                                    | 61,276               |
| <b>TOTAL LIABILITIES</b>                                                       | <b>\$ 5,343,309</b>     | <b>\$ 1,663,588</b>                  | <b>\$ 7,006,897</b>  |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                                          |                         |                                      |                      |
| Delinquent Real Estate Taxes                                                   | \$ 635,730              | \$ -                                 | \$ 635,730           |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                                     | <b>\$ 635,730</b>       | <b>\$ -</b>                          | <b>\$ 635,730</b>    |
| <b>FUND BALANCES:</b>                                                          |                         |                                      |                      |
| Nonspendable                                                                   | \$ 2,324                | \$ -                                 | \$ 2,324             |
| Assigned                                                                       | 5,968,714               | -                                    | 5,968,714            |
| Restricted                                                                     | -                       | 5,355,993                            | 5,355,993            |
| Unassigned                                                                     | 3,163,573               | -                                    | 3,163,573            |
| <b>TOTAL FUND BALANCES</b>                                                     | <b>\$ 9,134,611</b>     | <b>\$ 5,355,993</b>                  | <b>\$ 14,490,604</b> |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND FUND BALANCES</b> | <b>\$ 15,113,650</b>    | <b>\$ 7,019,581</b>                  | <b>\$ 22,133,231</b> |

The accompanying notes are an integral part of these financial statements

**GROVE CITY AREA SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

**Total Fund Balances - Governmental Funds** **\$ 14,490,604**

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 \$102,088,144, and the accumulated depreciation is \$37,682,307. 64,405,837

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. 635,730

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

|                                                    |             |
|----------------------------------------------------|-------------|
| Deferred outflows of resources related to pensions | 9,276,776   |
| Deferred outflows of resources related to OPEB     | 1,781,624   |
| Deferred inflows of resources related to pensions  | (2,523,500) |
| Deferred inflows of resources related to OPEB      | (4,634,540) |

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, Net       | \$ 29,930,400 |               |
| Net Pension Liability    | 62,151,600    |               |
| Net OPEB Liability       | 12,145,340    |               |
| Accrued Interest Payable | 317,436       |               |
| Compensated Absences     | 308,215       |               |
|                          |               | (104,852,991) |

**TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES** **\$ (21,420,460)**

The accompanying notes are an integral part of these financial statements

**GROVE CITY AREA SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

|                                                              | <b><u>GENERAL FUND</u></b>        | <b><u>CAPITAL<br/>PROJECTS<br/>FUND</u></b> | <b><u>TOTAL</u></b>                |
|--------------------------------------------------------------|-----------------------------------|---------------------------------------------|------------------------------------|
| <b><u>REVENUES</u></b>                                       |                                   |                                             |                                    |
| Local Sources                                                | \$ 19,749,970                     | \$ 14,628                                   | \$ 19,764,598                      |
| State Sources                                                | 16,475,505                        | -                                           | 16,475,505                         |
| Federal Sources                                              | 4,825,258                         | -                                           | 4,825,258                          |
| <b>Total Revenue</b>                                         | <b><u>\$ 41,050,733</u></b>       | <b><u>\$ 14,628</u></b>                     | <b><u>\$ 41,065,361</u></b>        |
| <b><u>EXPENDITURES</u></b>                                   |                                   |                                             |                                    |
| Instruction                                                  | \$ 26,756,557                     | \$ -                                        | \$ 26,756,557                      |
| Support Services                                             | 11,844,705                        | -                                           | 11,844,705                         |
| Noninstructional Services                                    | 866,021                           | -                                           | 866,021                            |
| Capital Outlay                                               | -                                 | 4,317,867                                   | 4,317,867                          |
| Debt Service                                                 | 1,957,192                         | -                                           | 1,957,192                          |
| <b>Total Expenditures</b>                                    | <b><u>\$ 41,424,475</u></b>       | <b><u>\$ 4,317,867</u></b>                  | <b><u>\$ 45,742,342</u></b>        |
| <b>Excess ( Deficiency) of Revenue<br/>over Expenditures</b> | <b><u>\$ (373,742)</u></b>        | <b><u>\$ (4,303,239)</u></b>                | <b><u>\$ (4,676,981)</u></b>       |
| <b>NET CHANGE IN FUND BALANCES</b>                           | <b><u>\$ (373,742)</u></b>        | <b><u>\$ (4,303,239)</u></b>                | <b><u>\$ (4,676,981)</u></b>       |
| FUND BALANCE - JULY 1, 2020                                  | <u>9,508,353</u>                  | <u>9,659,232</u>                            | <u>19,167,585</u>                  |
| <b>FUND BALANCE - JUNE 30, 2021</b>                          | <b><u><u>\$ 9,134,611</u></u></b> | <b><u><u>\$ 5,355,993</u></u></b>           | <b><u><u>\$ 14,490,604</u></u></b> |

The accompanying notes are an integral part of these financial statements

**GROVE CITY AREA SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENT FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** **\$ (4,676,981)**

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 (\$4,199,625) exceeded depreciation expense (\$1,790,934).                                                                                                           | 2,408,691 |
| Deferred interest on bond refunding is recognized in the government-wide financial statements when bonds are refunded and amortized over the life of the bond issue as interest expense.                                                                                                                                                                                                                                       | (18,839)  |
| 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.                                                                                                                                                                                                           | (723,991) |
| 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.                                                                                                                                                                                                                         | 19,021    |
| Repayment of bonds payable & capital leases are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.                                                                                                                                                                                                                                                    | 980,000   |
| 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 required 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.                                    | 15,090    |
| Because certain property and wage taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred inflows of resources decreased by this amount this year.                                                                                                                                                           | (52,720)  |
| 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 is the amount by which the amount paid for compensated absences and retiree health benefits exceeded benefits earned. | 187,891   |

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** **\$ (1,861,838)**

**GROVE CITY AREA SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES, BUDGET AND ACTUAL**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

|                                                               | Budgeted Amounts      |                       | Actual               | Variance with<br>Final Budget<br>Positive<br>Negative |
|---------------------------------------------------------------|-----------------------|-----------------------|----------------------|-------------------------------------------------------|
|                                                               | Original              | Final                 | (Budgetary Basis)    | (Negative)                                            |
| <b>REVENUES</b>                                               |                       |                       |                      |                                                       |
| Local Sources                                                 | \$ 20,761,365         | \$ 20,761,366         | \$ 19,749,970        | \$ (1,011,396)                                        |
| State Sources                                                 | 17,073,575            | 17,073,575            | 16,475,505           | (598,070)                                             |
| Federal Sources                                               | 2,241,422             | 2,241,422             | 4,825,258            | 2,583,836                                             |
| <b>Total Revenues</b>                                         | <b>\$ 40,076,362</b>  | <b>\$ 40,076,363</b>  | <b>\$ 41,050,733</b> | <b>\$ 974,370</b>                                     |
| <b>EXPENDITURES</b>                                           |                       |                       |                      |                                                       |
| Regular Programs                                              | \$ 16,818,651         | \$ 17,540,043         | \$ 17,537,169        | \$ 2,874                                              |
| Special Programs                                              | 7,770,160             | 7,594,740             | 7,439,270            | 155,470                                               |
| Vocational Programs                                           | 1,677,517             | 1,652,989             | 1,644,474            | 8,515                                                 |
| Other Instructional Programs                                  | 47,423                | 132,673               | 131,439              | 1,234                                                 |
| Non-Public School Programs                                    | -                     | 4,205                 | 4,205                | -                                                     |
| Pupil Personnel Services                                      | 1,788,309             | 1,698,323             | 1,686,070            | 12,253                                                |
| Instructional Staff Services                                  | 1,067,407             | 1,556,007             | 1,550,841            | 5,166                                                 |
| Administrative Services                                       | 2,679,799             | 2,578,749             | 2,551,746            | 27,003                                                |
| Pupil Health                                                  | 634,002               | 571,955               | 545,101              | 26,854                                                |
| Business Services                                             | 500,268               | 537,929               | 537,655              | 274                                                   |
| Operation & Maintenance of Plant Services                     | 2,880,248             | 2,978,981             | 2,973,669            | 5,312                                                 |
| Student Transportation Services                               | 1,813,491             | 1,810,126             | 1,760,272            | 49,854                                                |
| Support Services Central                                      | 212,295               | 215,722               | 215,105              | 617                                                   |
| Other Support Services                                        | 25,000                | 25,000                | 24,246               | 754                                                   |
| Student Activities                                            | 868,649               | 977,045               | 863,491              | 113,554                                               |
| Community Services                                            | 20,179                | 20,179                | 2,530                | 17,649                                                |
| Debt Service (Principal & Interest)                           | 1,957,192             | 1,957,192             | 1,957,192            | -                                                     |
| <b>Total Expenditures</b>                                     | <b>\$ 40,760,590</b>  | <b>\$ 41,851,858</b>  | <b>\$ 41,424,475</b> | <b>\$ 427,383</b>                                     |
| <b>Excess ( Deficiency) of Revenues<br/>over Expenditures</b> | <b>\$ (684,228)</b>   | <b>\$ (1,775,495)</b> | <b>\$ (373,742)</b>  | <b>\$ 1,401,753</b>                                   |
| <b>OTHER FINANCING SOURCES (USES)</b>                         |                       |                       |                      |                                                       |
| Budgetary Reserve                                             | \$ (1,194,000)        | \$ (102,733)          | \$ -                 | \$ 102,733                                            |
| <b>Total Other Financing Sources (Uses)</b>                   | <b>\$ (1,194,000)</b> | <b>\$ (102,733)</b>   | <b>\$ -</b>          | <b>\$ 102,733</b>                                     |
| <b>NET CHANGE IN FUND BALANCES</b>                            | <b>\$ (1,878,228)</b> | <b>\$ (1,878,228)</b> | <b>\$ (373,742)</b>  | <b>\$ 1,504,486</b>                                   |
| FUND BALANCE - JULY 1, 2020                                   | 9,644,130             | 9,644,130             | 9,508,353            | (135,777)                                             |
| <b>FUND BALANCE - JUNE 30, 2021</b>                           | <b>\$ 7,765,902</b>   | <b>\$ 7,765,902</b>   | <b>\$ 9,134,611</b>  | <b>\$ 1,368,709</b>                                   |

The accompanying notes are an integral part of these financial statements

**GROVE CITY AREA SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2021**

|                                                                               | <b>FOOD<br/>SERVICES</b> |
|-------------------------------------------------------------------------------|--------------------------|
| <b>ASSETS</b>                                                                 |                          |
| <b>Current Assets:</b>                                                        |                          |
| Cash and Cash Equivalents                                                     | \$ 226,149               |
| Due From Other Governments                                                    | 50,349                   |
| Inventories                                                                   | 25,549                   |
| Other Accounts Receivable                                                     | 1,940                    |
| <b>TOTAL CURRENT ASSETS</b>                                                   | <b>\$ 303,987</b>        |
| <b>Noncurrent Assets:</b>                                                     |                          |
| Furniture and Equipment (net)                                                 | \$ 86,024                |
| <b>TOTAL NONCURRENT ASSETS</b>                                                | <b>\$ 86,024</b>         |
| <b>TOTAL ASSETS</b>                                                           | <b>\$ 390,011</b>        |
| <b>DEFERRED OUTFLOWS OF RESOURCES:</b>                                        |                          |
| Deferred Outflows Related to Pension                                          | \$ 182,205               |
| Deferred Outflows Related to OPEB                                             | 6,829                    |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>                                   | <b>\$ 189,034</b>        |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>                        | <b>\$ 579,045</b>        |
| <b>LIABILITIES</b>                                                            |                          |
| <b>Current Liabilities:</b>                                                   |                          |
| Unearned Revenue                                                              | \$ 26,331                |
| Due to Other Funds                                                            | 6,733                    |
| <b>TOTAL CURRENT LIABILITIES</b>                                              | <b>\$ 33,064</b>         |
| <b>Noncurrent Liabilities:</b>                                                |                          |
| Compensated Absences                                                          | \$ 13,308                |
| Net Pension Liability                                                         | 1,268,400                |
| Net OPEB Liability                                                            | 55,660                   |
| <b>TOTAL NONCURRENT LIABILITIES</b>                                           | <b>\$ 1,337,368</b>      |
| <b>TOTAL LIABILITIES</b>                                                      | <b>\$ 1,370,432</b>      |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                                         |                          |
| Deferred Inflows Related to Pension                                           | \$ 51,500                |
| Deferred Inflows Related to OPEB                                              | 2,460                    |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                                    | <b>\$ 53,960</b>         |
| <b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>                    | <b>\$ 1,424,392</b>      |
| <b>NET POSITION</b>                                                           |                          |
| Net Investment in Capital Assets                                              | \$ 86,024                |
| Unrestricted (Deficit)                                                        | (931,371)                |
| <b>TOTAL NET POSITION (Deficit)</b>                                           | <b>\$ (845,347)</b>      |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND NET POSITION</b> | <b>\$ 579,045</b>        |

The accompanying notes are an integral part of these financial statements

**GROVE CITY AREA SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

|                                                |                             |
|------------------------------------------------|-----------------------------|
|                                                | <b><u>FOOD SERVICES</u></b> |
| <b><u>OPERATING REVENUES</u></b>               |                             |
| Food Services Revenue                          | \$ 54,217                   |
| <b>Total Operating Revenues</b>                | <b><u>\$ 54,217</u></b>     |
| <b><u>OPERATING EXPENSES</u></b>               |                             |
| Salaries                                       | \$ 227,548                  |
| Employee Benefits                              | 211,765                     |
| Purchased Professional and Technical Service   | 179                         |
| Supplies                                       | 404,078                     |
| Miscellaneous                                  | 7,435                       |
| Depreciation                                   | 15,258                      |
| <b>Total Operating Expenses</b>                | <b><u>\$ 866,263</u></b>    |
| <b>OPERATING INCOME/(LOSS)</b>                 | <b><u>\$ (812,046)</u></b>  |
| <b><u>NONOPERATING REVENUES (EXPENSES)</u></b> |                             |
| Earnings on investments                        | \$ 130                      |
| State sources                                  | 79,209                      |
| Federal sources                                | 806,448                     |
| <b>Total Nonoperating Revenues (Expenses)</b>  | <b><u>\$ 885,787</u></b>    |
| <b>CHANGE IN NET POSITION</b>                  | <b><u>\$ 73,741</u></b>     |
| NET POSITION - JULY 1, 2020 (Deficit)          | <u>(919,088)</u>            |
| <b>NET POSITION - JUNE 30, 2021 (Deficit)</b>  | <b><u>\$ (845,347)</u></b>  |

The accompanying notes are an integral part of these financial statements

**GROVE CITY AREA SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

|                                                                                                                      | <b>FOOD<br/>SERVICES</b>       |
|----------------------------------------------------------------------------------------------------------------------|--------------------------------|
| <b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>                                                                   |                                |
| Cash Received from Users                                                                                             | \$ 56,879                      |
| Cash Payments to Employees for Services                                                                              | (411,830)                      |
| Cash Payments to Suppliers for Goods and Services                                                                    | (342,775)                      |
| <b>Net Cash Provided (Used) by Operating Activities</b>                                                              | <b><u>\$ (697,726)</u></b>     |
| <b><u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u></b>                                                       |                                |
| State Sources                                                                                                        | \$ 78,512                      |
| Federal Sources                                                                                                      | 737,894                        |
| <b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>                                                  | <b><u>\$ 816,406</u></b>       |
| <b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>                                                                   |                                |
| Earnings on Investments                                                                                              | \$ 130                         |
| <b>Net Cash Provided (Used) by Investing Activities</b>                                                              | <b><u>\$ 130</u></b>           |
| <br><b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                                                      | <br><b>\$ 118,810</b>          |
| <br>CASH AND CASH EQUIVALENTS - JULY 1, 2020                                                                         | <br><u>107,339</u>             |
| <br><b>CASH AND CASH EQUIVALENTS - JUNE 30, 2021</b>                                                                 | <br><b><u>\$ 226,149</u></b>   |
| <br><b>Reconciliation of Operating Income (Loss) to Net Cash<br/>Provided (Used) by Operating Activities:</b>        |                                |
| <br>Operating Income (Loss)                                                                                          | <br><b>\$ (812,046)</b>        |
| <br><b>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS)<br/>TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b> |                                |
| Depreciation                                                                                                         | 15,258                         |
| Donated Commodities                                                                                                  | 52,130                         |
| (increase) Decrease in Deferred Outflows of Resources                                                                | (19,254)                       |
| (Increase) Decrease in Accounts Receivable                                                                           | 1,209                          |
| (Increase) Decrease in Inventory                                                                                     | 16,787                         |
| Increase (Decrease) in Due to Students                                                                               | 1,453                          |
| Increase (Decrease) in Net Pension Liability                                                                         | 52,980                         |
| Increase (Decrease) in Net OPEB Liability                                                                            | 400                            |
| Increase (Decrease) in Deferred Inflows of Resources                                                                 | (12,300)                       |
| Increase (Decrease) in Due to Other Funds                                                                            | 3,952                          |
| Increase (Decrease) in Compensated Absences                                                                          | 1,705                          |
| <b>Total Adjustments</b>                                                                                             | <b><u>\$ 114,320</u></b>       |
| <br><b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>                                                          | <br><b><u>\$ (697,726)</u></b> |
| <br><b>NONCASH NONCAPITAL FINANCING ACTIVITIES:</b>                                                                  |                                |
| During the year, the District received \$52,130 of food commodities<br>from the U.S. Department of Agriculture       |                                |

The accompanying notes are an integral part of these financial statements

**GROVE CITY AREA SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2021**

|                                          | <b>STUDENT<br/>ACTIVITY<br/>CUSTODIAL<br/>FUNDS</b> |
|------------------------------------------|-----------------------------------------------------|
|                                          | <hr/>                                               |
| <b>ASSETS</b>                            |                                                     |
| Cash and Cash Equivalents                | \$ 83,573                                           |
| <b>TOTAL ASSETS</b>                      | <b><u>\$ 83,573</u></b>                             |
| <b>LIABILITIES AND NET POSITION</b>      |                                                     |
| <b>LIABILITIES:</b>                      |                                                     |
| Other Current Liabilities                | \$ -                                                |
| <b>TOTAL LIABILITIES</b>                 | <b><u>\$ -</u></b>                                  |
| <b>NET POSITION:</b>                     |                                                     |
| Unrestricted                             | \$ 83,573                                           |
| <b>TOTAL NET POSITION</b>                | <b><u>\$ 83,573</u></b>                             |
| <b>TOTAL LIABILITIES AN NET POSITION</b> | <b><u>\$ 83,573</u></b>                             |

The accompanying notes are an integral part of these financial statements

**GROVE CITY AREA SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

|                                             | <b>PRIVATE<br/>PURPOSE<br/>TRUST<br/>FUNDS</b> | <b>STUDENT<br/>ACTIVITY<br/>CUSTODIAL<br/>FUNDS</b> |
|---------------------------------------------|------------------------------------------------|-----------------------------------------------------|
| <b>ADDITIONS</b>                            |                                                |                                                     |
| Contributions                               | \$ 2,660                                       | \$ 4                                                |
| Student Club Organization Receipts          | -                                              | 18,135                                              |
| <b>TOTAL ADDITIONS</b>                      | <b>\$ 2,660</b>                                | <b>\$ 18,139</b>                                    |
| <b>DEDUCTIONS</b>                           |                                                |                                                     |
| Scholarships Awarded                        | \$ 3,050                                       | \$ -                                                |
| Transfer to Grove City Education Foundation | 9,007                                          | -                                                   |
| Student Club Organization Disbursements     | -                                              | 97,010                                              |
| <b>TOTAL DEDUCTIONS</b>                     | <b>\$ 12,057</b>                               | <b>\$ 97,010</b>                                    |
| <b>CHANGE IN NET POSITION</b>               | <b>\$ (9,397)</b>                              | <b>\$ (78,871)</b>                                  |
| NET POSITION - JULY 1, 2020 (Restated)      | 9,397                                          | 162,444                                             |
| <b>NET POSITION - JUNE 30, 2021</b>         | <b>\$ -</b>                                    | <b>\$ 83,573</b>                                    |

The accompanying notes are an integral part of these financial statements

**GROVE CITY AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

**REPORTING ENTITY**

The Grove City Area School District was established under the authority of an act of the state legislature that designated a school board as the governing body. This District serves the surrounding municipalities which include the School Districts of Liberty, Pine, Springfield, and Wolf Creek, and the Borough of Grove City. 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 Grove City Area School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. Generally accepted accounting principles defines component units as legally separate entities that are included in the School District's reporting entity because of the significance of their operating or financial relationships with the School District. Based on the application of these criteria, the Grove City Area School District has no component units.

The School District is associated with three jointly governed organizations (Note 11) and one public entity risk pool (Note 14). These organizations are:

- Jointly Governed Organizations:
  - Mercer County Career Center
  - Midwestern Intermediate Unit IV
  - George Junior Republic
- Public Entity Risk Pool:
  - Northwest School Health Consortium

The financial statements of the Grove City Area 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.

**GROVE CITY AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**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 (specifically the School District's 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 which 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 governmental functions are self-financing or draw from the general revenues of the School District.

**FUND FINANCIAL STATEMENTS** – Fund financial statements report detailed information about the School District. Under generally accepted accounting standards, 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 Grove City Area School District, the General Fund is always considered a major fund. Each major fund is presented in a separate column. Non major funds, if any, would be segregated and presented in a single column. Fiduciary funds are reported by fund type.

**BASIS OF ACCOUNTING AND MEASUREMENT FOCUS**

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

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

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

Fiduciary funds are reported using the economic resources measurement focus.

**GROVE CITY AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**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 Grove City Area School District has determined that the revenues most susceptible to accrual (measurable and available) at June 30, 2021 under the modified accrual basis are **1)** delinquent real estate taxes collected by the district within 60 days following the close of the fiscal year, **2)** certain Act 511 taxes, **3)** federal and state subsidies earned in the fiscal year 2020-2021, and **4)** other miscellaneous revenues earned in fiscal year 2020-2021 but received subsequent to June 30, 2021. On the governmental fund financial statements, delinquent real estate taxes receivable 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, 2021, are those for which the Board of Educations' intention was to expense these items as budgeted for the 2020-2021 official budget, and for which the District has incurred an obligation, but has not paid as of June 30, 2021.

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.

**FUND ACCOUNTING**

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

**Governmental Funds** – Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The School District did not have non-major governmental funds at June 30, 2021.

**GROVE CITY AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

**FUND ACCOUNTING (Continued)**

The following are the School District's major funds:

**MAJOR GOVERNMENTAL FUNDS:**

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

**CAPITAL PROJECTS FUND** - The Capital Projects 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 and General Fund appropriations.

**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 District on behalf of the student organizations.

**BUDGETS**

On June 24, 2020 the Grove City Area School District adopted its June 30, 2021 annual budget for the General Fund totaling \$41,954,590, in accordance with the provisions of the Pennsylvania School Code. The budgeted expenditures were subsequently amended to include additional appropriations from grant funding as permitted by the provisions of the Pennsylvania School Code. The budget is prepared utilizing the modified accrual basis of accounting in accordance with generally accepted accounting principles. The original and final budgetary amounts are reflected in these financial statements (Exhibit G). All annual appropriations of the General Fund lapse at 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.

**GROVE CITY AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

**BUDGETS (Continued)**

- 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**

For the purpose of these basic financial statements, cash and cash equivalents include amounts in demand deposit accounts, deposits pooled with the Pennsylvania Local Government Investment Trust (PLGIT), the Pennsylvania School District Liquid Asset Fund (PSDLAF), 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, Grove City Area 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.

Investments of the Grove City Area School District include deposits pooled for investment purposes with the Pennsylvania Local Government Investment Trust (PLGIT) and the Pennsylvania School District Liquid Asset Fund (PSDLAF). Investments are reported at fair value.

**SHORT-TERM INTERFUND RECEIVABLES/PAYABLES**

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

**GROVE CITY AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

**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 purchased food and supplies and donated commodities from the U.S. Department of Agriculture as part of the food service program. The School District does not inventory the cost of such items as books and supplies, but rather records these items as expenditures in the governmental funds and an expense in the government-wide statement of activities at the time of purchase.

**CAPITAL ASSETS AND DEPRECIATION**

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

All capital assets are recorded at cost (or estimated historical cost). Donated fixed assets are recorded at fair value at the time of receipt. The School District maintains a capitalization threshold of \$7,500. The cost of infrastructure is included as part of site improvements in the government-wide statement of net position. Routine repair and maintenance costs that do not add to the value of the asset or extend its useful life are charged as an expense in the government-wide statement of activities.

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

| <b><u>CATEGORY</u></b> | <b><u>GOVERNMENTAL<br/>ACTIVITIES</u></b> | <b><u>BUSINESS-TYPE<br/>ACTIVITIES</u></b> |
|------------------------|-------------------------------------------|--------------------------------------------|
| Land Improvements      | 15-20 years                               | N/A                                        |
| Buildings              | 25-50 years                               | N/A                                        |
| Building Improvements  | 10-20 years                               | N/A                                        |
| Furniture              | 10-20 years                               | N/A                                        |
| Equipment              | 5-15 years                                | 15 years                                   |
| Vehicles               | 10 years                                  | N/A                                        |
| Library Books          | 5-7 years                                 | N/A                                        |

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).

**GROVE CITY AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

**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 bond or note issuance costs during the 2020-2021 fiscal year.

**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 12.

**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 13.

**COMPENSATED ABSENCES**

The School District reports compensated absences in accordance with the provisions of applicable GASB Statements. Separation payment benefits are accrued for administrators up to a maximum of sixty days as detailed in the collective bargaining agreement. The District allows all employees to accumulate unused sick leave. Employees may accumulate an unlimited amount of sick days and upon retirement or termination may receive credits, which can be used to purchase various insurance coverage options. Professional employees shall receive separation benefits based upon the total days of unused sick leave accumulated while in the employment of the District per day substitute rate. A liability for sick days is reported only when it is probable that an employee will utilize the accumulated credits based on accumulated sick days at retirement. The entire compensated absences liability of \$321,523 is shown as a non-current liability in the government-wide statement of net position. For governmental fund financial statements, compensated absences are recorded as expenditures when paid, rather than accrued when earned, as the likelihood of payment in the immediate fiscal year with available expendable resources is not assured.

**ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS**

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

**GROVE CITY AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

**ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS (Continued)**

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the non-current portion of compensated absences and retiree health benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, liabilities that mature or come due for payment during the fiscal year are considered to have been paid with current available financial resources. 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 legal claim to them. This occurs when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the School District has a legal claim to the resources, the unearned revenue liability is removed and revenue is recognized.

**DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

In addition to assets, 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. Deferred outflows related to the pension and OPEB plans 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.

**GROVE CITY AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

**NET POSITION (Continued)**

- **Restricted Net Position** – This component of net position consists of restricted assets reduced by liabilities and deferred inflows related to those assets. Restricted net position of \$5,355,993 represents the balance of Capital Projects Fund monies at June 30, 2021.
- **Unrestricted** – Consists of net position that do not meet the definition of ‘restricted’ or ‘net investment in capital assets’.

When an expense is incurred that can be paid using either restricted on 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 Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used.

- **Non-spendable fund balance** – amounts that are not in spendable form (such as inventory) or are required to be maintained intact. The non-spendable fund balance of \$2,324 represents prepaid expenditures applicable to fiscal periods ending after June 30, 2021.
- **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. Restricted fund balance of \$5,355,993 represents the balance of Capital Projects Fund monies at June 30, 2021.
- **Committed fund balance** – amount constrained to specific purposes by the School District itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.
- **Assigned fund balance** – amounts the School District intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. At June 30, 2021 the management of the Grove City Area School District assigned \$1,288,714 for (OPEB), \$2,850,000 for expected increases in employer retirement (PSERS) contributions, and \$1,830,000 for bond payments.
- **Unassigned fund balance** – amount that are available for any purpose.

Act 48 of 2003 prohibits school districts from increasing real property taxes beyond the annual index increase permitted by law, unless the school district has adopted a budget for such school year that includes an estimated ending unassigned fund balance which is not more than a specified percentage of the district’s total budgeted expenditures. For the Grove City Area School District, estimated ending unassigned fund balance must not exceed 8% of total budgeted expenditures. The District’s unassigned General Fund balance at June 30, 2021, was approximately 6.9% of its 2021-2022 budgeted expenditures.

**GROVE CITY AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

**FUND EQUITY (Continued)**

The School District establishes (and modifies and 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 authority to assign fund balance.

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 / NON-OPERATING REVENUES AND EXPENSES**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Grove City Area 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 comprised of 1) investment earnings and 2) 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.

**ADOPTION OF GASB PRONOUNCEMENTS**

The requirements of the following GASB Statement were adopted for the School District's 2020-2021 financial statements:

**GASB issued Statement No. 84, 'Fiduciary Activities'.** The primary objective of this Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. This Statement also is intended to improve the usefulness of fiduciary activity information primarily for assessing the accountability of governments in their roles as fiduciaries (see Note 16).

**PENDING GASB PRONOUNCEMENTS**

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

**GROVE CITY AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

**PENDING GASB PRONOUNCEMENTS (Continued)**

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

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

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

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

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

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

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

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

**GROVE CITY AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

**PENDING GASB PRONOUNCEMENTS (Continued)**

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

**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. The requirements of this Statement are effective for the School District's June 30, 2022 financial statements.

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

**NOTE 2 - CASH DEPOSITS**

At June 30, 2021, Grove City Area School District had the following carrying values on its cash and cash equivalents accounts:

|                                 | <b>BANK<br/>BALANCE</b>     | <b>CARRYING<br/>VALUE</b>   |
|---------------------------------|-----------------------------|-----------------------------|
| General Fund                    | \$ 6,706,627                | \$ 6,216,789                |
| Capital Projects Fund           | 7,018,428                   | 7,018,428                   |
| Enterprise Fund                 | 287,179                     | 226,149                     |
| Student Activity Custodial Fund | 83,573                      | 83,573                      |
| <b>TOTAL</b>                    | <b><u>\$ 14,095,807</u></b> | <b><u>\$ 13,544,939</u></b> |

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

**GROVE CITY AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 2 - CASH DEPOSITS (Continued)**

Cash and cash equivalents at June 30, 2021 include the following monies held with PLGIT and PSDLAF:

|                       | <u>Fair Value</u>          | <u>No Stated<br/>Maturity</u> | <u>Credit Rating</u> |
|-----------------------|----------------------------|-------------------------------|----------------------|
| <b>Governmental:</b>  |                            |                               |                      |
| PLGIT                 | \$ 5,696,661               | \$ 5,696,661                  | AAA <sub>m</sub>     |
| PSDLAF                | 16,740                     | 16,740                        | AAA <sub>m</sub>     |
|                       | <u><b>\$ 5,713,401</b></u> | <u><b>\$ 5,713,401</b></u>    |                      |
| <b>Business-Type:</b> |                            |                               |                      |
| PLGIT                 | <u><b>\$ 246,832</b></u>   | <u><b>\$ 246,832</b></u>      | AAA <sub>m</sub>     |

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

**Custodial Credit Risk:**

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The School District does not have a separate policy for custodial credit risk in addition to the requirements of State Law. As of June 30, 2021, \$13,451,375 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. In accordance with Act Number 7201971 Session on 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.

**NOTE 3 - PROPERTY TAXES**

The Grove City Area School District levies property taxes July 1 of each fiscal year. The tax millage assessment for the 2020-2021 fiscal year was 63.98 mills, which represents \$63.98 of revenue for every \$1,000 of assessed property value. Taxpayers are entitled to a 2% discount if taxes are paid prior to September 30. Collections beginning December 1 are assessed a 10% penalty. 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. Unpaid taxes are submitted to the Mercer County Tax Claim Bureau for collection. The final tax collector reconciliations reflected \$399,969 in unpaid 2020 property taxes, which represents 3.4% of the total assessed property taxes (\$11,681,709) for the current fiscal year.

Taxes receivable as shown in the government-wide statement of net position includes property taxes of \$635,730. For purposes of the governmental fund financial statements, the above property taxes receivable, although measurable, do not meet the available criteria to finance current fiscal year operations.

**GROVE CITY AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

Accordingly, this amount is equally off-set as a credit to 'deferred inflow of resources' in the fund financial statements. The effect of recognizing property tax revenue when taxes are levied, as opposed to when they are received using the 'measurable and available' criteria under the modified accrual basis of accounting, is reflected in the required reconciliations of fund balance to net position (Exhibit D) and the changes in fund balances to the changes in net position (Exhibit F).

Taxes receivable, as reflected on Exhibits A and C, are comprised of the following at June 30, 2021:

|                                      |                            |
|--------------------------------------|----------------------------|
| Delinquent Property Taxes            | \$ 635,730                 |
| Delinquent Property Taxes, Collected |                            |
| Within 60 Days of Fiscal Year End    | 63,369                     |
| Wage Taxes                           | 315,987                    |
| Deed Transfer Taxes                  | 30,464                     |
| Local Service Taxes                  | 5,092                      |
| Per Capita Taxes                     | 124                        |
|                                      | <u><u>\$ 1,050,766</u></u> |

**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                                     | \$ 2,095,275               |
| Midwestern Intermediate Unit Program Reimbursements | 342,028                    |
| ASHIC Buy-In                                        | 289,221                    |
| Federal Subsidies                                   | 2,666,062                  |
| Other Intergovernmental Receivables                 | 12,418                     |
|                                                     | <u><u>\$ 5,405,004</u></u> |

**NOTE 5 – TUITION RECEIVABLE**

The amount of 'tuition receivable', totaling \$2,255,502, as reflected on the government-wide statement of net position and the governmental funds balance sheet, is comprised of amounts due from home districts for tuition for the George Junior Republic.

**NOTE 6 – INTER-FUND OBLIGATIONS AND TRANSFERS**

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

**GROVE CITY AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 6 – INTER-FUND OBLIGATIONS AND TRANSFERS (Continued)**

|                      | <b><u>RECEIVABLE</u></b> | <b><u>PAYABLE</u></b>    |
|----------------------|--------------------------|--------------------------|
| General Fund         | \$ 181,520               | \$ -                     |
| Capital Project Fund | -                        | 174,787                  |
| Food Service Fund    | -                        | 6,733                    |
|                      | <b><u>\$ 181,520</u></b> | <b><u>\$ 181,520</u></b> |

These inter-fund obligations have been eliminated in the government-wide statement of net position. The amounts due to the General Fund are for general operating costs. All interfund payables are expected to be paid during the 2020-2021 fiscal year.

**NOTE 7 – UNEARNED REVENUE**

The amount of unearned revenue at June 30, 2021, totaling \$30,530, as reflected on the government-wide statement of net position, the governmental funds balance sheet, and the proprietary fund statement of net position, is comprised of \$4,199 in unearned federal grant revenue and \$26,331 in amounts due on student accounts.

**NOTE 8 - OTHER ACCOUNTS RECEIVABLE**

The amount of other accounts receivable at June 30, 2021, totaling \$1,940, as reflected on the government-wide statement of net position and the proprietary fund statement of net position, is comprised of balances due on student accounts.

**NOTE 9 - CAPITAL ASSETS**

A summary of the governmental and business-type fixed asset activity for the 2020-2021 fiscal year was as follows:

|                                                        | <b><u>Balance<br/>6/30/2020</u></b> | <b><u>Additions</u></b>      | <b><u>Deductions</u></b> | <b><u>Balance<br/>6/30/2021</u></b> |
|--------------------------------------------------------|-------------------------------------|------------------------------|--------------------------|-------------------------------------|
| <b>Governmental Activities</b>                         |                                     |                              |                          |                                     |
| Land                                                   | \$ 50,000                           | \$ -                         | \$ -                     | \$ 50,000                           |
| Site Improvements                                      | 3,310,906                           | -                            | -                        | 3,310,906                           |
| Building and Improvements                              | 54,639,087                          | -                            | -                        | 54,639,087                          |
| Furniture and Equipment                                | 6,455,890                           | 235,164                      | -                        | 6,691,054                           |
| Work in Progress                                       | 33,432,636                          | 3,964,461                    | -                        | 37,397,097                          |
|                                                        | <b><u>\$ 97,888,519</u></b>         | <b><u>\$ 4,199,625</u></b>   | <b><u>\$ -</u></b>       | <b><u>\$ 102,088,144</u></b>        |
| <b>Less: Accumulated depreciation</b>                  |                                     |                              |                          |                                     |
| Site Improvements                                      | \$ (2,220,791)                      | \$ (118,993)                 | \$ -                     | \$ (2,339,784)                      |
| Building and Improvements                              | (28,328,984)                        | (1,365,694)                  | -                        | (29,694,678)                        |
| Furniture and Equipment                                | (5,341,597)                         | (306,247)                    | -                        | (5,647,844)                         |
|                                                        | <b><u>\$ (35,891,372)</u></b>       | <b><u>\$ (1,790,934)</u></b> | <b><u>\$ -</u></b>       | <b><u>\$ (37,682,307)</u></b>       |
| <b>Governmental Activities<br/>Capital Assets, Net</b> | <b><u>\$ 61,997,147</u></b>         | <b><u>\$ 2,408,691</u></b>   | <b><u>\$ -</u></b>       | <b><u>\$ 64,405,837</u></b>         |

**GROVE CITY AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 9 - CAPITAL ASSETS (Continued)**

|                                 |           |                |           |                 |           |          |           |               |
|---------------------------------|-----------|----------------|-----------|-----------------|-----------|----------|-----------|---------------|
| <b>Business-Type Activities</b> |           |                |           |                 |           |          |           |               |
| Furniture and Equipment         | \$        | 575,954        | \$        | -               | \$        | -        | \$        | 575,954       |
| Less: Accumulated               |           |                |           |                 |           |          |           |               |
| Depreciation                    |           | (474,673)      |           | (15,258)        |           | -        |           | (489,931)     |
| <b>Business-Type Activities</b> |           |                |           |                 |           |          |           |               |
| <b>Capital Assets, Net</b>      | <b>\$</b> | <b>101,281</b> | <b>\$</b> | <b>(15,258)</b> | <b>\$</b> | <b>-</b> | <b>\$</b> | <b>86,024</b> |

Depreciation expense was charged to governmental functions as follows:

|           |                  |
|-----------|------------------|
| \$        | 1,317,425        |
|           | 152,075          |
|           | 175,699          |
|           | 96,032           |
|           | 4,671            |
|           | 45,032           |
| <b>\$</b> | <b>1,790,934</b> |

**NOTE 10 - LONG-TERM LIABILITIES**

**GENERAL OBLIGATION BONDS - SERIES OF 2017**

The Grove City Area School District issued General Obligation Bonds – Series of 2017, dated November 28, 2017 in the amount of \$9,905,000. The proceeds of the bond issue will be used towards the consolidation of the Highland Primary Center and Hillview Elementary School, and to pay the costs related to issuance of the bonds. The bonds were issued in denominations of \$5,000 with interest payable on March 1 and September 1 of each year through maturity. Interest rates range between 1.15% and 3.30% with the bonds scheduled to mature on September 1, 2045. The bonds provide for early redemption options for the School District for those bonds maturing on or after March 1, 2023 as detailed in the official statement of the issue.

A summary of the debt service requirements on the Grove City Area School District's General Obligation Bonds – Series of 2017 outstanding at June 30, 2021 is as follows:

| <b>YEAR END</b> | <b>PRINCIPAL</b>    | <b>INTEREST</b>     | <b>TOTAL</b>         |
|-----------------|---------------------|---------------------|----------------------|
| 2022            | \$ 265,000          | \$ 284,858          | \$ 549,858           |
| 2023            | 275,000             | 276,758             | 551,758              |
| 2024            | 285,000             | 269,783             | 554,783              |
| 2025            | 290,000             | 264,033             | 554,033              |
| 2026            | 295,000             | 258,183             | 553,183              |
| 2027-2031       | 1,625,000           | 1,187,809           | 2,812,809            |
| 2032-2036       | 1,940,000           | 931,125             | 2,871,125            |
| 2037-2041       | 2,265,000           | 614,035             | 2,879,035            |
| 2042-2046       | 2,655,000           | 223,793             | 2,878,793            |
| <b>TOTAL</b>    | <b>\$ 9,895,000</b> | <b>\$ 4,310,377</b> | <b>\$ 14,205,377</b> |

**GROVE CITY AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 10 - LONG-TERM LIABILITIES (Continued)**

**GENERAL OBLIGATION BONDS - SERIES OF 2017 (Continued)**

The School District's General Obligation Bond Issue - Series of 2017, was issued at a premium totaling \$91,134. The un-accreted amount of bond premium totaling \$79,122 is added as a component of bonds payable – long-term portion on the government-wide statement of net position. Premium accretion for the year ended June 30, 2021 was \$3,276.

**GENERAL OBLIGATION BONDS - SERIES OF 2018**

The Grove City Area School District issued General Obligation Bonds – Series of 2018, dated June 20, 2018 in the amount of \$9,920,000. The proceeds of the bond issue will be used towards the consolidation of the Highland Primary Center and Hillview Elementary School, and to pay the costs related to issuance of the bonds. The bonds were issued in denominations of \$5,000 with interest payable on March 1 and September 1 of each year through maturity. Interest rates range between 2.1% and 5.0% with the bonds scheduled to mature on September 1, 2045. The bonds provide for early redemption options for the School District for those bonds maturing on or after September 1, 2023 as detailed in the official statement of the issue.

A summary of the debt service requirements on the Grove City Area School District's General Obligation Bonds – Series of 2018 outstanding at June 30, 2021 is as follows:

| <b><u>YEAR END</u></b> | <b><u>PRINCIPAL</u></b>    | <b><u>INTEREST</u></b>     | <b><u>TOTAL</u></b>         |
|------------------------|----------------------------|----------------------------|-----------------------------|
| 2022                   | \$ 220,000                 | \$ 351,088                 | \$ 571,088                  |
| 2023                   | 225,000                    | 339,962                    | 564,962                     |
| 2024                   | 230,000                    | 328,588                    | 558,588                     |
| 2025                   | 240,000                    | 319,238                    | 559,238                     |
| 2026                   | 245,000                    | 311,963                    | 556,963                     |
| 2027-2031              | 1,495,000                  | 1,437,535                  | 2,932,535                   |
| 2032-2036              | 2,010,000                  | 1,151,903                  | 3,161,903                   |
| 2037-2041              | 2,375,000                  | 758,241                    | 3,133,241                   |
| 2042-2046              | 2,870,000                  | 277,235                    | 3,147,235                   |
| <b>TOTAL</b>           | <b><u>\$ 9,910,000</u></b> | <b><u>\$ 5,275,753</u></b> | <b><u>\$ 15,185,753</u></b> |

The School District's General Obligation Bond Issue - Series of 2018, was issued at a premium totaling \$76,729. The un-accreted amount of bond premium totaling \$68,034 is added as a component of bonds payable – long-term portion on the government-wide statement of net position. Premium accretion for the year ended June 30, 2021 was \$2,820.

**GENERAL OBLIGATION BONDS - SERIES OF 2019**

The Grove City Area School District issued General Obligation Bonds – Series of 2019, dated March 13, 2019 in the amount of \$9,865,000. The proceeds of the bond issue will be used towards the cost of construction, renovation, equipping, and furnishing certain improvements in connection with the consolidation of Highland Primary Center and Hillview Elementary School, and to pay the costs related to issuance of the bonds. The bonds were issued in denominations of \$5,000 with interest payable on March 1 and September 1 of each year through maturity. Interest rates range between 2.1% and 3.40% with the bonds scheduled to mature on September 1, 2045. The bonds provide for early redemption options for the School District for those bonds maturing on or after September 1, 2045 as detailed in the official statement of the issue.

**GROVE CITY AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 10 - LONG-TERM LIABILITIES (Continued)**

**GENERAL OBLIGATION BONDS - SERIES OF 2019 (Continued)**

A summary of the debt service requirements on the Grove City Area School District's General Obligation Bonds – Series of 2019 outstanding at June 30, 2021 is as follows:

| <u>YEAR END</u> | <u>PRINCIPAL</u>    | <u>INTEREST</u>     | <u>TOTAL</u>         |
|-----------------|---------------------|---------------------|----------------------|
| 2022            | \$ 225,000          | \$ 316,363          | \$ 541,363           |
| 2023            | 240,000             | 304,737             | 544,737              |
| 2024            | 255,000             | 292,363             | 547,363              |
| 2025            | 265,000             | 279,363             | 544,363              |
| 2026            | 285,000             | 269,888             | 554,888              |
| 2027-2031       | 1,590,000           | 1,244,806           | 2,834,806            |
| 2032-2036       | 1,970,000           | 983,025             | 2,953,025            |
| 2037-2041       | 2,310,000           | 653,091             | 2,963,091            |
| 2042-2046       | 2,720,000           | 236,629             | 2,956,629            |
| <b>TOTAL</b>    | <b>\$ 9,860,000</b> | <b>\$ 4,580,265</b> | <b>\$ 14,440,265</b> |

The School District's General Obligation Bond Issue - Series of 2019, was issued at a premium totaling \$129,260. The un-accreted amount of bond premium totaling \$118,244 is added as a component of bonds payable – long-term portion on the government-wide statement of net position. Premium accretion for the year ended June 30, 2021 was \$4,896.

**DEFAULT PROVISIONS – GENERAL OBLIGATION BONDS**

The Bonds are payable from tax and other general revenues of the School District. The School District has covenanted that it will provide in its budget in each fiscal year, and will appropriate from its general revenues in each such fiscal year, the amount of the debt service on the Bonds for such year and will duly and punctually pay or cause to be paid from funds in the sinking fund established in the Resolution or from any other of its revenues or funds the principal of and interest on every Bond, and for such budgeting, appropriation and payment the School District irrevocably has pledged its full faith, credit and taxing power subject to the limitations of bankruptcy, insolvency, and other laws or equitable principles affecting creditor rights generally.

In the event of a default in the payment of the interest or principal and such default continues for 30 days, or if the School District fails to comply with any provisions of the Bonds or Resolutions, the Local Government Unit Debt Act of the Commonwealth of Pennsylvania provides that the holders of 25% in aggregate principal amount of the Bonds outstanding may appoint a trustee to represent the Bondholders. The trustee may, and upon request of the holders of 25% in principal amount of the Bonds then outstanding and upon being furnished with indemnity satisfactory to it, shall take such action on behalf of the Bondholders as is more specifically set forth in the Act. Such representation by the trustee shall be exclusive.

**MERCER COUNTY CAREER CENTER OBLIGATION - 2020**

The Grove City Area School District is a participating member of the Mercer County Career Center (MCCC). In February 2020, through an agreement with the MCCC and the participating school districts, the Grove City Area Hospital Authority issued School Building Revenue Bonds – Series A and B of 2020 totaling \$8,195,000 and \$1,035,000 respectively.

**GROVE CITY AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 10 - LONG-TERM LIABILITIES (Continued)**

**MERCER COUNTY CAREER CENTER OBLIGATION – 2020 (Continued)**

The proceeds of the Bond issues will be used for the purpose of currently refunding School Revenue Bonds – Series of 2014, financing various capital improvements to the MCCC's physical plant including, but not limited to, repair and/or replacement of the roof, and paying the costs and expenses related to issuance of the bonds. The Grove City Area School District's portion of the debt is \$1,800,773 or 19.51%. Interest is payable on November 1 and May 1 each year through maturity. Interest rates range between 2.0% and 4.0% with the Series A Bonds scheduled to mature on May 1, 2029 and the Series B Bonds scheduled to mature on May 1, 2030.

A summary of the Grove City Area School District's share of the MCCC debt service requirements outstanding at June 30, 2021 is as follows:

| <b>YEAR END</b> | <b>SERIES A 2020</b> | <b>SERIES B 2020</b> | <b>INTEREST</b>   | <b>TOTAL</b>        |
|-----------------|----------------------|----------------------|-------------------|---------------------|
| 2022            | \$ 145,350           | \$ 976               | \$ 42,512         | \$ 188,838          |
| 2023            | 150,227              | 1,951                | 36,669            | 188,847             |
| 2024            | 157,055              | 976                  | 30,601            | 188,632             |
| 2025            | 161,933              | 1,951                | 24,290            | 188,174             |
| 2026            | 168,762              | 1,951                | 17,754            | 188,467             |
| 2027-2030       | 525,794              | 191,197              | 36,211            | 753,202             |
| <b>TOTAL</b>    | <b>\$ 1,309,121</b>  | <b>\$ 199,002</b>    | <b>\$ 188,037</b> | <b>\$ 1,696,160</b> |

**DEFAULT PROVISIONS – MERCER COUNTY CAREER CENTER OBLIGATION – 2020**

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

The following represents the changes in the District's long-term liabilities during the 2020-2021 fiscal year:

|                          | <b>Balance 7/1/2020</b> | <b>Additions</b>    | <b>Reductions</b> | <b>Balance 6/30/2021</b> | <b>Due Within One Year</b> |
|--------------------------|-------------------------|---------------------|-------------------|--------------------------|----------------------------|
| General Obligation Bonds | \$ 30,645,000           | \$ -                | \$ 980,000        | \$ 29,665,000            | \$ 710,000                 |
| Compensated Absences     | 249,470                 | 72,053              | -                 | 321,523                  | -                          |
| Net Pension Liability    | 60,771,000              | 2,649,000           | -                 | 63,420,000               | -                          |
| Net OPEB Liability       | 11,101,000              | 1,100,000           | -                 | 12,201,000               | -                          |
|                          | <b>\$ 102,766,470</b>   | <b>\$ 3,821,053</b> | <b>\$ 980,000</b> | <b>\$ 105,607,523</b>    | <b>\$ 710,000</b>          |

The District's portion of the outstanding balance due to the Mercer County Career Center is not reflected in the Statement of Net Position as the related assets purchased with the bond proceeds are not the property of the Grove City Area School District, and therefore not listed in the above schedule.

**GROVE CITY AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 11 – JOINTLY GOVERNED ORGANIZATIONS**

**MERCER COUNTY CAREER CENTER**

The Grove City Area School District, in conjunction with nine other Mercer County School Districts, funds the operating budget of the Mercer County Career Center. The Career 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 Mercer County Career Center. A representative from each District's school board sits on the joint operating committee of the Career Center. The District's annual financial obligation to the Career Center during the 2020-2021 fiscal year was \$318,853 (\$296,077 for regular and \$22,776 for special education and \$188,584 for debt service). The Mercer County Career Center issues separate financial statements annually which can be obtained by contacting the Career Center directly.

**MIDWESTERN INTERMEDIATE UNIT IV**

The Grove City Area School District participates with 26 other School Districts located in the Counties of Butler, Lawrence, and Mercer in the Midwestern Intermediate Unit IV (IU IV). The IU IV was established in 1971 by Act 102 of the Commonwealth of Pennsylvania to function as a regional educational service agency for 27 School Districts, as well as nonpublic schools and other institutions, located within the aforementioned counties. The IU IV provides services relative to curriculum development, continuing education, educational planning, instructional materials, pupil personnel, state and federal agency liaison and managerial oversight. The Midwestern Intermediate Unit IV is governed by a thirteen (13) member board appointed by the 27 participating School Districts on a rotating basis. The School District contributed \$24,246 for operating contributions and transportation recovery costs to IU IV through state subsidy withholdings for the year ended June 30, 2021. Midwestern Intermediate Unit IV issues separate financial statements annually which can be obtained by contacting the IU IV directly.

**GEORGE JUNIOR REPUBLIC**

The Grove City Area School District provides instructional services to approximately 500 students housed at the George Junior Republic in Pennsylvania (GJR), an institution for delinquent secondary-age children. The costs, consisting principally of teacher salaries and related fringe benefits, are reflected as part of the District's budget and are recouped by charges to the GJR student's home district based upon one and one-half times an approved tuition rate. No provision for potential uncollectible tuition charges is reflected since the District will appeal to the Pennsylvania Department of Education to utilize its collection powers in the event a home district refuses to pay.

Under provisions of legislation enacted in 1983, Grove City Area School District is to return pro-rata to the home districts any excess of tuition revenues over expenditures for the GJR educational programs.

Grove City Area School District has entered into a building lease with George Junior Realty amounting to approximately \$593,376 for the fiscal year ended June 30, 2021. The lease is renewed annually and covers the buildings used for GJR program instruction.

**NOTE 12 - PENSION PLAN**

The Grove City Area 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:

**GROVE CITY AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 12 – PENSION PLAN (Continued)**

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

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

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

**Contribution Rates**

**Member Contributions** - Active members who joined the System prior to July 22, 1983, contribute at 5.25% (Membership Class T-C) or at 6.5% (Membership Class T-D) of the member's qualifying compensation. Members who joined the System on or after July 22, 1983 and who were active or inactive as of July 1, 2001, contribute 6.25% (Membership Class T-C) or at 7.5% (Membership Class T-D) of the members qualifying compensation. Members who joined the System after June 30, 2001 and before June 1, 2011, contribute at 7.5% (automatic Membership Class T-D).

**GROVE CITY AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 12 – PENSION PLAN (Continued)**

**Contribution Rates (Continued)**

For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002. Members who joined the System after June 30, 2011 automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.30% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a 'shared risk' provision in Act 120 of 2010 that in future years could cause the Membership Class T-E contribution rate to fluctuate between 7.50% and 9.50% and Membership Class T-F contribution rate to fluctuate between 10.30% and 12.30%.

**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 33.69% (33.51% employer pension rate and .18% 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 \$6,017,098 for the year ended June 30, 2021.

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

At June 30, 2021, the School District reported a liability of \$63,420,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2019 to June 30, 2020. The 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, 2020 (the measurement date), the School District's proportion was .1288% which was a decrease of .0011% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the School District recognized pension expense of \$6,816,898. At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                 | <b><u>Deferred Outflows<br/>of Resources</u></b> | <b><u>Deferred Inflows<br/>of Resources</u></b> |
|-----------------------------------------------------------------|--------------------------------------------------|-------------------------------------------------|
| Difference between expected and actual experience               | \$ 166,000                                       | \$ 1,520,000                                    |
| Changes in assumptions                                          | -                                                | -                                               |
| Net difference between projected and actual investment earnings | 2,787,000                                        | -                                               |
| Changes in proportion                                           | 496,000                                          | 1,055,000                                       |
| Contributions subsequent to the measurement date                | 6,017,098                                        | -                                               |
|                                                                 | <b><u>\$ 9,466,098</u></b>                       | <b><u>\$ 2,575,000</u></b>                      |

The \$6,017,098 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, 2021.

**GROVE CITY AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 12 – PENSION PLAN (Continued)**

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

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>Amount</b> |
|---------------------------------------------------------|-------------------------------------------------------|---------------|
| 2021                                                    | 2022                                                  | \$ (299,000)  |
| 2022                                                    | 2023                                                  | (349,000)     |
| 2023                                                    | 2024                                                  | 694,000       |
| 2024                                                    | 2025                                                  | 828,000       |

**Actuarial Assumptions**

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

- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 7.25%, includes inflation at 2.75%
- Salary growth – Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale

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

**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.

**GROVE CITY AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 12 – PENSION PLAN (Continued)**

**Investment Asset Allocation (Continued)**

| <b><u>Asset Class</u></b> | <b><u>Target<br/>Allocation</u></b> | <b><u>Long-Term<br/>Expected Real<br/>Rate of Return</u></b> |
|---------------------------|-------------------------------------|--------------------------------------------------------------|
| Global public equity      | 15.0%                               | 5.20%                                                        |
| Private equity            | 15.0%                               | 7.20%                                                        |
| Fixed Income              | 36.0%                               | 1.10%                                                        |
| Commodities               | 8.0%                                | 1.80%                                                        |
| Absolute return           | 10.0%                               | 2.50%                                                        |
| Infrastructure/MLP's      | 6.0%                                | 5.70%                                                        |
| Real estate               | 10.0%                               | 5.50%                                                        |
| Risk parity               | 8.0%                                | 3.30%                                                        |
| Cash                      | 6.0%                                | -1.00%                                                       |
| Financing (LIBOR)         | -14.0%                              | -0.70%                                                       |
|                           | <u>100%</u>                         |                                                              |

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

**Discount Rate**

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

|                                                                    | <b><u>1%<br/>Decrease<br/>6.25%</u></b> | <b><u>Current<br/>Discount<br/>Rate<br/>7.25%</u></b> | <b><u>1%<br/>Increase<br/>8.25%</u></b> |
|--------------------------------------------------------------------|-----------------------------------------|-------------------------------------------------------|-----------------------------------------|
| School District's proportionate share of the net pension liability | <u>\$ 78,464,000</u>                    | <u>\$ 63,420,000</u>                                  | <u>\$ 50,676,000</u>                    |

**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).

**GROVE CITY AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 13 - 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, 2020 there were no assumed future benefit increases to participating eligible retirees.

**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**

Grove City Area 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, 2020, 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, 2021 was 0.82% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. During the 2020-2021 fiscal year, the Grove City Area School District contributed \$146,453 to the premium assistance program.

**GROVE CITY AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 13 - 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**

At June 30, 2021, the District reported a liability of \$2,783,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2019 to June 30, 2020. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2021 (the measurement date), the district's proportion was 0.1288%, which is a decrease of .0011% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, Grove City Area School District recognized OPEB expense of \$144,458. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|                                                             | <b><u>Deferred Outflows<br/>of Resources</u></b> | <b><u>Deferred Inflows<br/>of Resources</u></b> |
|-------------------------------------------------------------|--------------------------------------------------|-------------------------------------------------|
| Difference between expected and actual experience           | \$ 26,000                                        | \$ -                                            |
| Changes in assumptions                                      | 113,000                                          | 61,000                                          |
| Difference between projected and actual investment earnings | 5,000                                            | -                                               |
| Changes in proportion                                       | 51,000                                           | 62,000                                          |
| Contributions subsequent to the measurement date            | 146,453                                          | -                                               |
|                                                             | <b><u>\$ 341,453</u></b>                         | <b><u>\$ 123,000</u></b>                        |

The \$146,453 reported as deferred outflows of resources related to OPEB resulted from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the measurement year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <b>Measurement<br/>Date</b>           | <b>Reporting<br/>Date</b>             | <b>Amortization<br/>Amount</b> |
|---------------------------------------|---------------------------------------|--------------------------------|
| <b><u>Year ended<br/>June 30,</u></b> | <b><u>Year ended<br/>June 30,</u></b> |                                |
| 2021                                  | 2022                                  | \$ 13,000                      |
| 2022                                  | 2023                                  | 12,000                         |
| 2023                                  | 2024                                  | 11,000                         |
| 2024                                  | 2025                                  | 24,000                         |
| 2025                                  | 2026                                  | 6,000                          |
| Thereafter                            | Thereafter                            | 6,000                          |

**GROVE CITY AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

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

**Actuarial Assumptions**

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

- Actuarial Cost Method – Entry Age Normal – level % of pay
- Investment Return – 2.79% based on the S&P 20 Year Municipal Bond Rate.
- Salary Increases – Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.
- Participation rate:
  - Eligible retirees will elect to participate Pre age 65 at 50%
  - Eligible retirees will elect to participate Post age 65 at 70%

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

**Investment Asset Allocation**

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                   | 50.3%                        | -1.00%                                                |
| US Core Fixed Income   | 46.5%                        | -0.10%                                                |
| Non-US Developed Fixed | 3.2%                         | -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, 2020.

**GROVE CITY AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 13 - 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 2.66%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance 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 2.66% which represents the S&P 20-year Municipal Bond Rate at June 30, 2020, was applied to all projected benefit payments to measure the 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, 2020, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2020, 93,693 retirees were receiving the maximum amount allowed of \$1,200 per year and 688 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the net OPEB liability of the District as of the June 30 2020 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 | <u>\$ 2,783,000</u>    | <u>\$ 2,783,000</u>                | <u>\$ 2,783,000</u>    |

**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 2.66%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.66%) or 1-percentage-point higher (3.66%) than the current rate:

|                    | <b>1%<br/>Decrease<br/>1.66%</b> | <b>Current Discount<br/>Rate<br/>2.66%</b> | <b>1%<br/>Increase<br/>3.66%</b> |
|--------------------|----------------------------------|--------------------------------------------|----------------------------------|
| Net OPEB Liability | <u>\$ 3,173,000</u>              | <u>\$ 2,783,000</u>                        | <u>\$ 2,460,000</u>              |

**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).

**GROVE CITY AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

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

**Plan Description**

In addition to the retirement benefits as described in Note 12, the Grove City Area School District provides post-retirement health care benefits as detailed in the collective bargaining agreement between the District and the Grove City Area Education Association, for eligible employees who elect early retirement and their spouse, during the period between retirement and either attaining age 65 or becoming eligible for Medicare benefits or securing other employment that provides hospitalization coverage. The plan is unfunded and no financial report is prepared. These benefits are accounted for in accordance with GASB Statement No. 75, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions.

**Funding Policy**

The contribution requirements of plan members and the School District are established and may be amended by the Grove City Area 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 2020-2021 fiscal year, the Grove City Area School District paid premiums of \$488,221 for retiree medical benefits.

**Participant Data**

The July 1, 2020 valuation reflected the following participant data:

|                     | <b><u>PARTICIPANT<br/>DATA</u></b> |
|---------------------|------------------------------------|
| Active employees    | 293                                |
| Retired members     | 41                                 |
| Spouses of retirees | 20                                 |
| <b>Total</b>        | <b><u>354</u></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 \$9,418,000 was measured as of June 30, 2021, and was determined by an actuarial valuation performed as of July 1, 2020. As the District's OPEB Plan is unfunded, the total OPEB liability is equal to the net OPEB liability. The July 1, 2020 valuation reflected the following change in total OPEB liability:

|                                        |                            |
|----------------------------------------|----------------------------|
| Balance at June 30, 2020               | \$ 8,338,000               |
| Changes for the year:                  |                            |
| Service cost                           | 427,000                    |
| Interest                               | 181,000                    |
| Effect of plan changes                 | 9,000                      |
| Effect of liability gains or losses    | 243,000                    |
| Effect of assumption changes or inputs | 531,000                    |
| Benefit payments                       | (311,000)                  |
| Net Changes                            | <u>1,080,000</u>           |
| Balance at June 30, 2021               | <b><u>\$ 9,418,000</u></b> |

**GROVE CITY AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 13 - 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)**

For the year ended June 30, 2021, Grove City Area School District recognized OPEB expense of \$233,221. At June 30, 2021, the District report deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|                                                      | <b><u>Deferred Outflows<br/>of Resources</u></b> | <b><u>Deferred Inflows<br/>of Resources</u></b> |
|------------------------------------------------------|--------------------------------------------------|-------------------------------------------------|
| Difference between expected<br>and actual experience | \$ 312,000                                       | \$ -                                            |
| Changes in assumptions                               | 1,135,000                                        | 4,514,000                                       |
|                                                      | <b><u>\$ 1,447,000</u></b>                       | <b><u>\$ 4,514,000</u></b>                      |

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

| <b><u>Measurement<br/>Date<br/>Year ended<br/>June 30,</u></b> | <b><u>Reporting<br/>Date<br/>Year ended<br/>June 30,</u></b> | <b><u>Amortization<br/>Amount</u></b> |
|----------------------------------------------------------------|--------------------------------------------------------------|---------------------------------------|
| 2021                                                           | 2022                                                         | \$ (561,000)                          |
| 2022                                                           | 2023                                                         | (561,000)                             |
| 2023                                                           | 2024                                                         | (561,000)                             |
| 2024                                                           | 2025                                                         | (561,000)                             |
| 2025                                                           | 2026                                                         | (557,000)                             |
| Thereafter                                                     | Thereafter                                                   | (266,000)                             |

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

The following presents 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><u>1%<br/>Decrease<br/>1.16%</u></b> | <b><u>Current<br/>Discount<br/>Rate<br/>2.16%</u></b> | <b><u>1%<br/>Increase<br/>3.16%</u></b> |
|----------------------|-----------------------------------------|-------------------------------------------------------|-----------------------------------------|
| Total OPEB Liability | <b><u>\$ 10,083,000</u></b>             | <b><u>\$ 9,418,000</u></b>                            | <b><u>\$ 8,783,000</u></b>              |

**GROVE CITY AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

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

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

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

|                      | <b><u>1%</u></b>           | <b><u>Current</u></b>      | <b><u>1%</u></b>            |
|----------------------|----------------------------|----------------------------|-----------------------------|
|                      | <b><u>Decrease</u></b>     | <b><u>Trend</u></b>        | <b><u>Increase</u></b>      |
|                      | <b><u>Rates</u></b>        | <b><u>Rates</u></b>        | <b><u>Rates</u></b>         |
| Total OPEB Liability | <b><u>\$ 8,284,000</u></b> | <b><u>\$ 9,418,000</u></b> | <b><u>\$ 10,788,000</u></b> |

**Actuarial Assumptions**

The total OPEB liability was determined as of the July 1, 2020 actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

- Discount Rate – 2.16% based on Bond Buyer 20 Year Bond GO Index.
- Salary Increases – based on the rates utilized in the Actuarial Valuation for the Pennsylvania Public School Employees' Retirement System and vary by age.
- Healthcare Trend – 2021-2022 fiscal year 6.20% decreasing on a graduated basis to 4.70% for fiscal year 2050-2051 and then to 3.70% from 2076 and later.
- Participation – Professional Staff - 100% of current active members are assumed to elect coverage at retirement; Support Staff – 35%.
- Dependent Coverage - Professional Staff – 60% are assumed to cover a spouse; Support Staff – 10%.
- Withdrawal Rates – Based on the rates utilized in the Actuarial Valuation for the Pennsylvania Public School Employee's Retirement System and vary by age, service, and gender.
- Retirement Rates – Based on the rates utilized in the Actuarial Valuation for the Pennsylvania Public School Employee's Retirement System and vary by age, service, and gender. No employee is assumed to work beyond age 65.
- Mortality – RP-2014 Mortality Tables adjusted to reflect Mortality Improvement Scale MP-2018 from 2006 base year and projected forward on a generational basis with Scale MP-2018.
- Disability – None assumed.

**NOTE 14 - RISK MANAGEMENT**

**GENERAL INSURANCE**

The Grove City Area 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.

**GROVE CITY AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 14 - RISK MANAGEMENT (Continued)**

**HEALTH INSURANCE**

The Grove City Area School District is one of sixty members of the Allegheny County Schools Health Insurance Consortium (Consortium) which purchases health benefits on behalf of participating public school districts. The School District is billed monthly based on employee count and coverage information at rates established by the Consortium at the beginning of each fiscal year. 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. Contributions to the Consortium by all member school districts totaled \$330,541,120 for the year ended June 30, 2021 with Grove City Area School District contributing \$6,035,315 for the 2020-2021 fiscal year.

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 after withdrawal. As of June 30, 2021, the net position available for benefits of the Consortium was \$63,689,030, of which \$927,814 was attributable to the Grove City Area School District.

**NOTE 15 - CONTINGENCIES**

**STATE AND FEDERAL SUBSIDIES**

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

**COVID-19 IMPLICATIONS**

Early in 2020, a new strain of the coronavirus (COVID-19) began its global pandemic spread, including to the United States, negatively affecting many aspects of society and the economy. The impact of the virus is on-going and varies from region to region and from day to day, and any significant additional spreading of the virus could adversely affect the School District's operations and finances. The outbreak of the COVID-19 virus is likely to have a negative impact in 2021-2022 on the global and local economy and, might impact the School District's financial results in 2021-2022 and beyond. Given the dynamic nature of this pandemic, however, the extent to which the COVID-19 virus impacts the School District's results will depend on future developments, which remain highly uncertain and cannot be predicted at this time.

**GROVE CITY AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 16 – IMPACT OF GASB 84 IMPLEMENTATION**

As noted in Note 1, the Grove City Area School District adopted the provisions of **GASB Statement No. 84, 'Fiduciary Activities'** during the 2020-2021 fiscal year, effective July 1, 2020. The primary objective of this Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. This Statement is also intended to improve the usefulness of fiduciary activity information primarily for assessing the accountability of governments in their roles as fiduciaries. The impact of the School District's implementation of this new standard resulted in the following:

- Student Activity Fund continues to be reported as a fiduciary fund-type, however under the new GASB Statement No. 84 category of fiduciary 'custodial funds' – Student Activity Custodial Fund.
- The Student Activity Custodial Fund requires the presentation of a statement of changes in net position. Prior to July 1, 2020, the Student Activity Fund net position was \$0. Accordingly, to conform with the requirements of GASB Statement No. 84, the July 1, 2020 net position for the Student Activity Custodial Fund was restated to \$162,444 (Exhibit L).

**NOTE 17 – SUBSEQUENT EVENTS**

The School District evaluated its June 30, 2021 financial statements for subsequent events through the November 3, 2021 date of the 'Independent Auditor's Report', which is the date the financial statements were available to be issued. The School District is not aware of any subsequent events, other than what is mentioned above, that would require recognition or disclosure in the financial statements.

# **REQUIRED SUPPLEMENTARY INFORMATION**

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

| <b>As of the measurement date of June 30,</b>                                                         | <b><u>2020</u></b> | <b><u>2019</u></b> | <b><u>2018</u></b> | <b><u>2017</u></b> | <b><u>2016</u></b> | <b><u>2015</u></b> | <b><u>2014</u></b> | <b><u>2013</u></b> |
|-------------------------------------------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| District's proportion of the net pension liability                                                    | 0.1288%            | 0.1299%            | 0.1327%            | 0.1304%            | 0.1279%            | 0.1252%            | 0.1230%            | 0.1214%            |
| District's proportionate share of the net pension liability                                           | \$ 63,420,000      | \$ 60,771,000      | \$ 63,703,000      | \$ 64,402,000      | \$ 63,383,000      | \$ 54,231,000      | \$ 48,684,000      | \$ 49,697,000      |
| District's covered payroll                                                                            | \$ 18,073,816      | \$ 17,912,495      | \$ 17,864,144      | \$ 16,787,739      | \$ 15,977,347      | \$ 15,570,808      | \$ 15,136,060      | \$ 15,584,344      |
| District's proportionate share of the net pension liability<br>as a percentage of its covered payroll | 350.89%            | 339.27%            | 356.60%            | 383.63%            | 396.71%            | 348.29%            | 321.64%            | 318.89%            |
| Plan fiduciary net position as a percentage of<br>the total pension liability                         | 54.32%             | 55.66%             | 54.00%             | 51.84%             | 50.14%             | 54.36%             | 57.24%             | 54.49%             |

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.

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

|                                                                     | <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                                | \$ 6,017,098       | \$ 6,018,864       | \$ 5,816,686       | \$ 5,644,609       | \$ 5,115,960       | \$ 4,181,442       | \$ 3,349,577       | \$ 2,559,230       | \$ 1,924,683       |
| Contribution in relation to the contractually required contribution | <u>(6,017,098)</u> | <u>(6,018,864)</u> | <u>(5,816,686)</u> | <u>(5,644,609)</u> | <u>(5,115,960)</u> | <u>(4,181,442)</u> | <u>(3,349,577)</u> | <u>(2,559,230)</u> | <u>(1,924,683)</u> |
| Contribution deficiency (excess)                                    | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        |
| District's covered payroll                                          | \$ 17,914,238      | \$ 18,073,816      | \$ 17,912,495      | \$ 17,864,144      | \$ 16,787,739      | \$ 15,977,347      | \$ 15,570,808      | \$ 15,136,060      | \$ 15,584,344      |
| Contributions as a percentage of covered payroll                    | 33.59%             | 33.30%             | 32.47%             | 31.60%             | 30.47%             | 26.17%             | 21.51%             | 16.91%             | 12.35%             |

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.

**GROVE CITY AREA 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>2020</b>   | <b>2019</b>   | <b>2018</b>   | <b>2017</b>   | <b>2016</b>   |
|----------------------------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| District's proportion of the net OPEB liability                                                    | 0.1288%       | 0.1299%       | 0.1327%       | 0.1304%       | 0.1279%       |
| District's proportionate share of the net OPEB liability                                           | \$ 2,783,000  | \$ 2,763,000  | \$ 2,767,000  | \$ 2,657,000  | \$ 2,603,860  |
| District's covered payroll                                                                         | \$ 18,073,816 | \$ 17,912,495 | \$ 17,864,144 | \$ 16,787,739 | \$ 15,977,347 |
| District's proportionate share of the net OPEB liability<br>as a percentage of its covered payroll | 15.40%        | 15.42%        | 15.49%        | 15.83%        | 16.30%        |
| Plan fiduciary net position as a percentage of<br>the total OPEB liability                         | 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.

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

|                                                                        | <u>2021</u>      | <u>2020</u>      | <u>2019</u>      | <u>2018</u>      | <u>2017</u>      |
|------------------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|
| Contractually Required Contributions                                   | \$ 146,453       | \$ 148,123       | \$ 148,094       | \$ 147,607       | \$ 137,659       |
| Contribution in relation to the contractually<br>required contribution | <u>(146,453)</u> | <u>(148,123)</u> | <u>(148,094)</u> | <u>(147,607)</u> | <u>(137,659)</u> |
| Contribution deficiency (excess)                                       | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| District's covered payroll                                             | \$ 17,914,238    | \$ 18,073,816    | \$ 17,912,495    | \$ 17,864,144    | \$ 16,787,739    |
| Contributions as a percentage of<br>covered payroll                    | 0.82%            | 0.82%            | 0.83%            | 0.83%            | 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.

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

|                                                                  | <b><u>2021</u></b>         | <b><u>2020</u></b>         | <b><u>2019</u></b>         | <b><u>2018</u></b>          |
|------------------------------------------------------------------|----------------------------|----------------------------|----------------------------|-----------------------------|
| Service cost                                                     | \$ 427,000                 | \$ 413,000                 | \$ 663,000                 | \$ 641,000                  |
| Interest                                                         | 181,000                    | 246,000                    | 482,000                    | 488,000                     |
| Effect of plan changes                                           | 9,000                      | -                          | -                          | -                           |
| Effect of liability gains or losses                              | 243,000                    | -                          | 144,000                    | -                           |
| Effect of assumptions or inputs                                  | 531,000                    | 853,000                    | (6,536,000)                | (284,000)                   |
| Benefit payments                                                 | (311,000)                  | (385,000)                  | (451,000)                  | (1,078,000)                 |
| <b>Net Change in Total OPEB Liability</b>                        | <b>\$ 1,080,000</b>        | <b>\$ 1,127,000</b>        | <b>\$ (5,698,000)</b>      | <b>\$ (233,000)</b>         |
| <b>Total OPEB Liability - Beginning of Year</b>                  | <b>8,338,000</b>           | <b>7,211,000</b>           | <b>12,909,000</b>          | <b>13,142,000</b>           |
| <b>Total OPEB Liability - End of Year</b>                        | <b><u>\$ 9,418,000</u></b> | <b><u>\$ 8,338,000</u></b> | <b><u>\$ 7,211,000</u></b> | <b><u>\$ 12,909,000</u></b> |
| Covered-employee payroll                                         | \$ 17,406,000              | \$ 17,633,000              | \$ 17,037,000              | \$ 18,074,000               |
| Total OPEB liability as a percentage of covered-employee payroll | 54.11%                     | 47.29%                     | 42.33%                     | 71.42%                      |

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

**GROVE CITY AREA SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2021**

**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, 2020**

None

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

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

**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%.

**GROVE CITY AREA SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2021**

**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, 2019**

The discount rate increased from 2.98% to 2.79%.

**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, 2018 determined the employer contribution rate for fiscal year 2020.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date
- Asset Valuation Method: Market value
- Participation Rate: 63% of eligible retirees are assumed to elect premium assistance
- Mortality rates and retirement ages were based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 Combined Disabled Tables with age set back 7 years for males and 3 years for females for disabled annuitants. (A unisex table based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 years for both genders assuming the population consists of 25% males and 75% females is used to determine actuarial equivalent benefits.)

**GROVE CITY AREA SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2021**

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

**Changes in Benefit Terms**

Teacher's life insurance has been increased to \$75,000

**Changes in Assumptions**

- Discount Rate – from 2.21% as of June 30, 2020 to 2.16% as of June 30, 2021
- Per capita claims costs were updated
- Future retiree healthcare trend rates were updated
- The assumed election rate for future Support Staff retirees has been reduced

**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.

# **GROVE CITY AREA SCHOOL DISTRICT**

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

**Mark C. Turnley**

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Certified Public Accountant

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

**To the Management and Board of Education  
Grove City Area 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 Grove City Area School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Grove City Area School District's basic financial statements, and have issued my report thereon dated November 3, 2021.

**Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the Grove City Area School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Grove City Area School District's internal control. Accordingly, I do not express an opinion on the effectiveness of the Grove City Area School District's internal control.

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

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

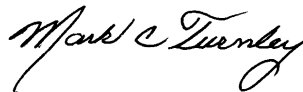
**To the Management and Board of Education  
Grove City Area School District**

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Grove City Area 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 statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

This purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Grove City Area 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 Grove City Area School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Mark C. Turnley  
Certified Public Accountant

November 3, 2021  
New Brighton, Pennsylvania

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

**To the Board of Education  
Grove City Area School District**

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

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

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

**Opinion on Each Major Federal Program**

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

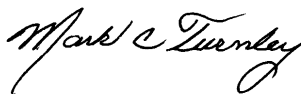
## **REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

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

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

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

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



Mark C. Turnley  
Certified Public Accountant

November 3, 2021  
New Brighton, Pennsylvania

**GROVE CITY AREA SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**6/30/2021**

| FEDERAL GRANTOR / PROJECT TITLE                                     | FUNDING SOURCE | FEDERAL CFDA NUMBER | PASS-THROUGH GRANTOR NUMBER | GRANT PERIOD BEGINNING / ENDING DATE | PROGRAM AWARD AMOUNT | 2020-2021 AMOUNTS PASSED TO SUB-RECIPIENTS | 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              | 013-210176                  | 7/1/20-9/30/21                       | \$ 601,043           | \$ -                                       | \$ 481,558                 | \$ -                              | \$ 554,837         | \$ 554,837   | (1) \$ 73,279                      |
| Title I                                                             | Indirect       | 84.010              | 013-200176                  | 7/1/19-9/30/20                       | 603,445              | -                                          | 60,132                     | 42,730                            | 17,402             | 17,402       | (1) -                              |
| Title I - Delinquent                                                | Indirect       | 84.010              | 107-210176                  | 7/1/20-9/30/21                       | 1,050,962            | -                                          | 560,513                    | -                                 | 676,892            | 676,892      | (1) 116,379                        |
| Title I - Delinquent                                                | Indirect       | 84.010              | 107-200176                  | 7/1/19-9/30/20                       | 1,190,879            | -                                          | 317,568                    | 88,683                            | 228,885            | 228,885      | (1) -                              |
| <b>Title I Cluster Subtotal</b>                                     |                |                     |                             |                                      |                      | \$ -                                       | \$ 1,419,771               | \$ 131,413                        | \$ 1,478,016       | \$ 1,478,016 | \$ 189,658                         |
| Title II                                                            | Indirect       | 84.367              | 020-210176                  | 7/1/20-9/30/21                       | \$ 85,958            | \$ -                                       | \$ 74,413                  | \$ -                              | \$ 85,958          | \$ 85,958    | \$ 11,545                          |
| Title II                                                            | Indirect       | 84.367              | 020-200176                  | 7/1/19-9/30/20                       | 68,727               | -                                          | 4,630                      | 4,630                             | -                  | -            | -                                  |
|                                                                     |                |                     |                             |                                      |                      | \$ -                                       | \$ 79,043                  | \$ 4,630                          | \$ 85,958          | \$ 85,958    | \$ 11,545                          |
| Title IV                                                            | Indirect       | 84.424              | 144-210176                  | 7/1/20-9/30/21                       | \$ 33,943            | \$ -                                       | \$ 33,943                  | \$ -                              | \$ 29,744          | \$ 29,744    | \$ (4,199)                         |
| Title IV                                                            | Indirect       | 84.424              | 144-200176                  | 7/1/19-9/30/20                       | 35,618               | -                                          | 10,959                     | (5,917)                           | 16,876             | 16,876       | -                                  |
|                                                                     |                |                     |                             |                                      |                      | \$ -                                       | \$ 44,902                  | \$ (5,917)                        | \$ 46,620          | \$ 46,620    | \$ (4,199)                         |
| COVID-19 SECIM                                                      | Indirect       | 84.027              | (2) 252-200176              | 7/1/20-9/30/21                       | \$ 15,557            | \$ -                                       | \$ 5,186                   | \$ -                              | 15,557             | 15,557       | \$ 10,371                          |
| COVID-19 - GEER Fund                                                | Indirect       | 84.425C             | 253-200176                  | 9/30/20-9/30/21                      | \$ 9,852             | \$ -                                       | \$ 6,852                   | \$ -                              | \$ 6,852           | \$ 6,852     | (1) \$ -                           |
| COVID-19 - ESSER I Fund Local                                       | Indirect       | 84.425D             | 200-200176                  | 3/13/20-9/30/21                      | 367,605              | -                                          | 367,605                    | 10,176                            | 357,429            | 357,429      | (1) -                              |
| COVID-19 - ESSER II Fund Local                                      | Indirect       | 84.425D             | 200-210176                  | 3/13/20-9/30/23                      | 2,203,413            | -                                          | 205,510                    | -                                 | 1,159,284          | 1,159,284    | (1) 953,774                        |
| COVID-19 - ARP ESSER III Fund Local                                 | Indirect       | 84.425U             | 200-220176                  | 3/13/20-9/30/24                      | 4,458,868            | -                                          | -                          | -                                 | 1,305,766          | 1,305,766    | (1) 1,305,766                      |
|                                                                     |                |                     |                             |                                      |                      | \$ -                                       | \$ 579,967                 | \$ 10,176                         | \$ 2,829,331       | \$ 2,829,331 | \$ 2,259,540                       |
| <b>Total passed through Pa. Department of Education</b>             |                |                     |                             |                                      |                      | \$ -                                       | \$ 2,128,869               | \$ 140,302                        | \$ 4,455,482       | \$ 4,455,482 | \$ 2,466,915                       |
| <b>U.S. Department of Treasury:</b>                                 |                |                     |                             |                                      |                      |                                            |                            |                                   |                    |              |                                    |
| <b>Passed through Pa. Commission on Crime and Delinquency:</b>      |                |                     |                             |                                      |                      |                                            |                            |                                   |                    |              |                                    |
| COVID-19 - ESSER I Fund Local                                       | Indirect       | 84.425D             | 2020-ES-01-34965            | 3/13/20-9/30/22                      | \$ 53,180            | \$ -                                       | \$ 378                     | \$ -                              | \$ 53,180          | \$ 53,180    | (1) \$ 52,802                      |
| <b>Total passed through Pa. Commission on Crime and Delinquency</b> |                |                     |                             |                                      |                      | \$ -                                       | \$ 378                     | \$ -                              | \$ 53,180          | \$ 53,180    | \$ 52,802                          |
| <b>Passed through Mid-Western Intermediate Unit: (IDEA Cluster)</b> |                |                     |                             |                                      |                      |                                            |                            |                                   |                    |              |                                    |
| IDEA                                                                | Indirect       | 84.027              | (2) N/A                     | 7/1/20-6/30/21                       | \$ 382,377           | \$ -                                       | \$ 44,782                  | \$ -                              | \$ 382,377         | \$ 382,377   | \$ 337,595                         |
| IDEA                                                                | Indirect       | 84.027              | N/A                         | 7/1/19-6/30/20                       | 362,041              | -                                          | 317,574                    | 317,574                           | -                  | -            | -                                  |
| IDEA - Section 619                                                  | Indirect       | 84.173              | (2) N/A                     | 7/1/20-6/30/21                       | 4,433                | -                                          | -                          | -                                 | 4,433              | 4,433        | 4,433                              |
| IDEA - Section 619                                                  | Indirect       | 84.173              | N/A                         | 7/1/19-6/30/20                       | 3,790                | -                                          | 3,790                      | 3,790                             | -                  | -            | -                                  |
| <b>Total passed through Mid-Western Intermediate Unit</b>           |                |                     |                             |                                      |                      | \$ -                                       | \$ 366,146                 | \$ 321,364                        | \$ 386,810         | \$ 386,810   | \$ 342,028                         |
| <b>Passed through Lancaster-Lebanon Intermediate Unit:</b>          |                |                     |                             |                                      |                      |                                            |                            |                                   |                    |              |                                    |
| IDEA (Special Education Performance Grant)                          | Indirect       | 84.027              | (2) N/A                     | 7/1/20-9/30/21                       | \$ 8,000             | \$ -                                       | \$ 4,000                   | \$ -                              | \$ 4,208           | \$ 4,208     | \$ 208                             |
| <b>Total passed through Lancaster-Lebanon Intermediate Unit</b>     |                |                     |                             |                                      |                      | \$ -                                       | \$ 4,000                   | \$ -                              | \$ 4,208           | \$ 4,208     | \$ 208                             |
| <b>TOTAL DEPARTMENT OF EDUCATION</b>                                |                |                     |                             |                                      |                      | \$ -                                       | \$ 2,499,393               | \$ 461,666                        | \$ 4,899,680       | \$ 4,899,680 | \$ 2,861,953                       |
| <b>U.S. Department of Treasury:</b>                                 |                |                     |                             |                                      |                      |                                            |                            |                                   |                    |              |                                    |
| <b>Passed through Pa. Commission on Crime and Delinquency:</b>      |                |                     |                             |                                      |                      |                                            |                            |                                   |                    |              |                                    |
| COVID-19 - School Health and Safety Grant                           | Indirect       | 21.019              | 2020-CS-01-33557            | 3/1/20-10/30/20                      | \$ 196,943           | \$ -                                       | \$ 196,943                 | \$ 26,138                         | \$ 170,805         | \$ 170,805   | \$ -                               |
| <b>Total passed through Pa. Commission on Crime and Delinquency</b> |                |                     |                             |                                      |                      | \$ -                                       | \$ 196,943                 | \$ 26,138                         | \$ 170,805         | \$ 170,805   | \$ -                               |
| <b>Passed through County of Mercer:</b>                             |                |                     |                             |                                      |                      |                                            |                            |                                   |                    |              |                                    |
| COVID-19 - Coronavirus Relief Fund                                  | Indirect       | 21.019              | N/A                         | 3/1/20-12/31/20                      | \$ 128,085           | \$ -                                       | \$ 128,085                 | \$ -                              | \$ 128,085         | \$ 128,085   | \$ -                               |
| <b>Total passed through County of Mercer</b>                        |                |                     |                             |                                      |                      | \$ -                                       | \$ 128,085                 | \$ -                              | \$ 128,085         | \$ 128,085   | \$ -                               |
| <b>TOTAL DEPARTMENT OF TREASURY</b>                                 |                |                     |                             |                                      |                      | \$ -                                       | \$ 325,028                 | \$ 26,138                         | \$ 298,890         | \$ 298,890   | \$ -                               |

**GROVE CITY AREA SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**6/30/2021**

| FEDERAL GRANTOR /                                                               | PROJECT TITLE                 | FUNDING SOURCE | FEDERAL CFDA NUMBER | PASS-THROUGH GRANTOR NUMBER | GRANT PERIOD BEGINNING / ENDING DATE | PROGRAM AWARD AMOUNT | 2020-2021 AMOUNTS PASSED TO SUB-RECIPIENTS | TOTAL RECEIVED THIS PERIOD | ACCRUED (DEFERRED) REVENUE JULY 1 | REVENUE RECOGNIZED                         | EXPENDITURES        | ACCRUED (DEFERRED) REVENUE JUNE 30 |
|---------------------------------------------------------------------------------|-------------------------------|----------------|---------------------|-----------------------------|--------------------------------------|----------------------|--------------------------------------------|----------------------------|-----------------------------------|--------------------------------------------|---------------------|------------------------------------|
| <b>U.S. Department of Health and Human Services:</b>                            |                               |                |                     |                             |                                      |                      |                                            |                            |                                   |                                            |                     |                                    |
| <b>Passed through Pa. Dept. of Public Welfare:</b>                              |                               |                |                     |                             |                                      |                      |                                            |                            |                                   |                                            |                     |                                    |
|                                                                                 | Title 19 - Medical Assistance | Indirect       | 93.778              | N/A                         | 7/1/20-6/30/21                       | N/A                  | \$ -                                       | \$ 3,645                   | \$ -                              | \$ 3,645                                   | \$ 3,645            | \$ -                               |
|                                                                                 | Title 19 - Medical Assistance | Indirect       | 93.778              | N/A                         | 7/1/19-6/30/20                       | N/A                  | -                                          | 4,103                      | 4,103                             | -                                          | -                   | -                                  |
| <b>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>                            |                               |                |                     |                             |                                      |                      | <b>\$ -</b>                                | <b>\$ 7,748</b>            | <b>\$ 4,103</b>                   | <b>\$ 3,645</b>                            | <b>\$ 3,645</b>     | <b>\$ -</b>                        |
| <b>U.S. Department of Agriculture:</b>                                          |                               |                |                     |                             |                                      |                      |                                            |                            |                                   |                                            |                     |                                    |
| <b>Passed through Pa. Dept. of Education: (Child Nutrition Program Cluster)</b> |                               |                |                     |                             |                                      |                      |                                            |                            |                                   |                                            |                     |                                    |
|                                                                                 | National School Lunch Program | Indirect       | 10.555              | N/A                         | 7/1/20-6/30/21                       | N/A                  | \$ -                                       | \$ 538,958                 | \$ -                              | \$ 572,073                                 | \$ 572,073          | \$ 33,115                          |
|                                                                                 | Lunch Program                 | Indirect       | 10.555              | N/A                         | 7/1/19-6/30/20                       | N/A                  | -                                          | 19,599                     | 19,599                            | -                                          | -                   | -                                  |
|                                                                                 | Breakfast Program             | Indirect       | 10.553              | N/A                         | 7/1/20-6/30/21                       | N/A                  | -                                          | 166,946                    | -                                 | 182,244                                    | 182,244             | 15,298                             |
|                                                                                 | Breakfast Program             | Indirect       | 10.553              | N/A                         | 7/1/19-6/30/20                       | N/A                  | -                                          | 12,390                     | 12,390                            | -                                          | -                   | -                                  |
| <b>Passed through Pa. Dept. of Agriculture:</b>                                 |                               |                |                     |                             |                                      |                      |                                            |                            |                                   |                                            |                     |                                    |
|                                                                                 | National School Lunch Program | Indirect       | 10.555              | N/A                         | 7/1/20-6/30/21                       | N/A                  | -                                          | 52,130 *                   | (4,541) **                        | 51,033                                     | 51,033              | (5,638) ***                        |
| <b>Total Child Nutrition Program Cluster</b>                                    |                               |                |                     |                             |                                      |                      | <b>\$ -</b>                                | <b>\$ 790,023</b>          | <b>\$ 27,448</b>                  | <b>\$ 805,350</b>                          | <b>\$ 805,350</b>   | <b>\$ 42,775</b>                   |
| <b>TOTAL DEPARTMENT OF AGRICULTURE</b>                                          |                               |                |                     |                             |                                      |                      | <b>\$ -</b>                                | <b>\$ 790,023</b>          | <b>\$ 27,448</b>                  | <b>\$ 805,350</b>                          | <b>\$ 805,350</b>   | <b>\$ 42,775</b>                   |
| <b>TOTAL FEDERAL ASSISTANCE</b>                                                 |                               |                |                     |                             |                                      |                      | <b>\$ -</b>                                | <b>\$ 3,622,192</b>        | <b>\$ 519,355</b>                 | <b>\$ 6,007,565</b>                        | <b>\$ 6,007,565</b> | <b>\$ 2,904,728</b>                |
| <b># Reconciliation with federal subsidy confirmation:</b>                      |                               |                |                     |                             |                                      |                      |                                            |                            |                                   |                                            |                     |                                    |
| Per above                                                                       |                               |                |                     |                             |                                      |                      | \$ 3,622,192                               |                            |                                   | * Total USDA Commodity Received            |                     |                                    |
| School Lunch/Breakfast matching state subsidy                                   |                               |                |                     |                             |                                      |                      | 28,276                                     |                            |                                   | ** Represents beginning inventory - 7/1/20 |                     |                                    |
| Donated commodities                                                             |                               |                |                     |                             |                                      |                      | (52,130)                                   |                            |                                   | *** Represents ending inventory - 6/30/21  |                     |                                    |
| ACCESS                                                                          |                               |                |                     |                             |                                      |                      | 123,070                                    |                            |                                   | (1) Denotes Major Programs                 |                     |                                    |
| IDEA                                                                            |                               |                |                     |                             |                                      |                      | (366,146)                                  |                            |                                   | (2) Special Education Cluster              |                     |                                    |
| IDEA (Special Education Performance Grant)                                      |                               |                |                     |                             |                                      |                      | (4,000)                                    |                            |                                   |                                            |                     |                                    |
| COVID-19 - School Health and Safety Grant                                       |                               |                |                     |                             |                                      |                      | (197,321)                                  |                            |                                   |                                            |                     |                                    |
| COVID-19 - Coronavirus Relief Fund                                              |                               |                |                     |                             |                                      |                      | (128,085)                                  |                            |                                   |                                            |                     |                                    |
| Title 19                                                                        |                               |                |                     |                             |                                      |                      | (7,748)                                    |                            |                                   |                                            |                     |                                    |
| <b>Per confirmation</b>                                                         |                               |                |                     |                             |                                      |                      | <b>\$ 3,018,108</b>                        |                            |                                   |                                            |                     |                                    |

**GROVE CITY AREA SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2021**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the 'Schedule') includes the federal grant activity administered by the Grove City Area School District for the year ended June 30, 2021. 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 Grove City Area 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 is 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 as referenced in Note 7 to the Financial Statements.

**NOTE 5 - NON-CASH ASSISTANCE**

The Grove City Area 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 2020-2021 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.

**GROVE CITY AREA SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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

**Financial Statements**

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

\_\_\_yes    X no

**Federal Awards**

Internal control over major programs:

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

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

Unmodified

Any audit findings disclosed that are required to be reported in  
accordance with 2 CFR 200.516(a)?

\_\_\_yes    X no

Identification of major programs:

**CFDA number(s)**

**Name of Federal Program or Cluster**

|         |                                                                                                 |
|---------|-------------------------------------------------------------------------------------------------|
| 84.010  | Title I Improving Basic Programs                                                                |
| 84.010  | Title I Delinquent                                                                              |
| 84.425C | COVID-19 Governor's Emergency Relief (GEER) Fund                                                |
| 84.425D | COVID-19 Elementary and Secondary School Emergency Relief Fund                                  |
| 84.425U | COVID-19 American Rescue Plan – Elementary and Secondary School<br>Emergency Relief (ARP ESSER) |

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?

\_\_\_X\_\_\_yes    \_\_\_no

**Section II – Financial Statement Findings**

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

None

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

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

None

**GROVE CITY AREA SCHOOL DISTRICT**  
**STATUS OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDING JUNE 30, 2021**

The audit report of the Grove City Area School District for the year ended June 30, 2020, dated November 2, 2020, contained no audit findings.