



CHARLEROI AREA SCHOOL DISTRICT

CHARLEROI, PENNSYLVANIA

ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2022



**Cypher & Cypher**

Accountants | Auditors | Advisors

CHARLEROI AREA SCHOOL DISTRICT

TABLE OF CONTENTS

	PAGE NO.
INDEPENDENT AUDITOR'S REPORT	
MANAGEMENT'S DISCUSSION AND ANALYSIS – REQUIRED SUPPLEMENTARY INFORMATION	i-vi
GOVERNMENT WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	1
STATEMENT OF ACTIVITIES	2
FUND FINANCIAL STATEMENTS	
BALANCE SHEET-GOVERNMENTAL FUNDS	3
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	4
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	5
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	6
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET VS ACTUAL – GENERAL FUND	7
STATEMENT OF NET POSITION– PROPRIETARY FUND	8
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION – PROPRIETARY FUND	9
STATEMENT OF CASH FLOWS – PROPRIETARY FUND	10
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS	11
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS	12

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT’S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – PENNSYLVANIA PUBLIC SCHOOL EMPLOYEE’S RETIREMENT SYSTEM 44

SCHEDULE OF THE DISTRICT’S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY – PENNSYLVANIA PUBLIC SCHOOL EMPLOYEE’S RETIREMENT SYSTEM 45

SUPPLEMENTARY INFORMATION

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 46-47

INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE 48-50

SCHEDULE OF FINDINGS AND QUESTIONED COSTS 51-52

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS 53-54

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS 55

Independent Auditor's Report

Charleroi Area School District  
Charleroi, Pennsylvania

Ladies and Gentlemen:

**Report on the Audit of the Financial Statements**

***Opinions***

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

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

***Basis for Opinions***

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

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

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Proportionate Share of the Net OPEB Liability on pages i-vi, 44, and 45 be presented to supplement the basic financial statements. Such information

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

### ***Supplementary Information***

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2023, on our consideration of Charleroi Area School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Charleroi Area School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Charleroi Area School District's internal control over financial reporting and compliance.

CYPHER & CYPHER

*Cypher & Cypher*

CERTIFIED PUBLIC ACCOUNTANTS

Canonsburg, Pennsylvania  
January 11, 2023

# Management's Discussion and Analysis

**CHARLEROI AREA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

As management of Charleroi Area School District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ending June 30, 2022.

**FINANCIAL HIGHLIGHTS**

- The liabilities of the District exceeded its assets at the close of the most recent fiscal year by \$24,123,168 (*net position*). The District's total net position increased by \$4,921,970.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$6,571,966, a decrease of \$3,515,214 in comparison with the prior year.
- At the end of the current fiscal year, the general fund balance is comprised of 4 categories: non-spendable = \$251,734, committed= \$17,147, assigned = \$844,220, and unassigned = \$5,325,978. The total amounts to \$6,439,079.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**Government-wide financial statements.** The *government-wide financial statements* (or district-wide financial statements) are designed to provide a broad overview of the District's finances in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the District's financial position is improving or deteriorating.

The *statement of activities* provides information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned by unused vacation and sick leave).

All of the District's activities and services are reported in the *government-wide financial statements*, including instruction, pupil support services, instructional support services, administrative support services, facility maintenance, transportation, and food services. Property taxes, state assistance, and interest and investment earnings finance most of these activities. Additionally, all capital and debt financing activities are reported here.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Like other state and local

**CHARLEROI AREA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

governments, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources and balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, comparing the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements is useful. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and capital projects fund. Both funds are considered to be major funds.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget and is included in the Other Information section (see below).

**Proprietary funds.** The District maintains one type of proprietary fund – food service funds. *Food service funds* are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses food service funds to account for its food service programs, employee salaries and benefits, and related costs and services.

The food service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the food service funds is provided by *combining statements* elsewhere in this report.

**Fiduciary funds.** Fiduciary funds, which for the District consist solely of custodial funds, are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is similar to that used for proprietary funds.

**Notes to the financial statements.** The notes provide additional information that is essential to fully understand the data provided in the government-wide and fund financial statements.

**CHARLEROI AREA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**Other information.** In addition to the basic financial statements and accompanying notes, the report also presents certain required supplementary information concerning the District's progress in funding its commitment to provide certain District retirees with healthcare coverage and demonstrate compliance with its budget.

The District receives funding from the federal government to support its programs. The Schedule of Expenditures of Federal Awards is presented for the purposes of additional analysis as required by the U.S. Office of Management and the Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. In the case of the District, liabilities exceeded assets by \$24,123,168 at the close of the most recent fiscal year.

A portion of the District's net position, \$5,460,523, reflects its investment in existing capital assets (e.g., land, buildings, machinery, and equipment), net of accumulated depreciation, and less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide educational and related services to its students; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

**Summary of Net Position**

	<b>6/30/2021</b>	<b>6/30/2022</b>	<b>Percentage Change</b>
Current and Other Assets	\$19,427,187	\$16,905,528	-14.92%
Capital Assets	\$31,163,367	\$35,381,494	11.92%
Deferred Outflows of Resources	\$6,574,028	\$6,297,926	-4.38%
<b>Total Assets</b>	<b>\$57,164,582</b>	<b>\$58,584,948</b>	<b>2.42%</b>
Long-Term Liabilities	\$72,403,577	\$63,330,411	-14.33%
Other Liabilities	\$8,156,020	\$9,482,210	13.99%
Deferred Inflows of Resources	\$5,650,123	\$9,895,495	42.90%
<b>Total Liabilities</b>	<b>\$86,209,720</b>	<b>\$82,708,116</b>	<b>-4.23%</b>
Net Position			
Invested in Capital Assets, Net of Related Debt	\$4,203,364	\$5,460,523	23.02%
Restricted	\$17,221	\$17,147	-0.43%
Unrestricted	(\$33,265,723)	(\$29,600,838)	-12.38%
<b>Total Net Position</b>	<b>(\$29,045,138)</b>	<b>(\$24,123,168)</b>	<b>-20.40%</b>

**CHARLEROI AREA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**Summary of Changes in Net Position**

		For the Fiscal Year Ended		
		30-Jun-21	30-Jun-22	Percentage Change
Revenues				
	Charges for Services	\$ 179,584	\$ 307,406	71.18%
	Operating Grants	9,946,531	11,036,824	10.96%
	Taxes	9,941,554	10,565,913	6.28%
	Unrestricted Grants	8,205,414	8,645,993	5.37%
	Investment Earnings	29,146	26,049	-10.63%
	Other	160,072	372,662	132.81%
	<b>Total Revenues</b>	<b>\$ 28,462,301</b>	<b>\$ 30,954,847</b>	<b>8.76%</b>
Expenses				
	Instruction	\$ 15,656,746	\$ 15,263,654	-2.51%
	Instructional Student S	1,909,056	1,869,575	-2.07%
	Administrative	2,672,826	2,471,221	-7.54%
	Plant Expenses	2,202,165	2,134,236	-3.08%
	Pupil Transportation	1,021,955	1,297,968	27.01%
	Student Activities	651,953	780,153	19.66%
	Community Service	3,562		-100.00%
	Interest Expense	1,546,883	1,248,918	-19.26%
	Food Service	699,901	967,152	38.18%
	<b>Total Expenses</b>	<b>\$ 26,365,047</b>	<b>\$ 26,032,877</b>	<b>-1.26%</b>
	Change in Net Position	\$ 2,097,254	\$ 4,921,970	
	Net Position - Beginning	<b>(\$31,142,392)</b>	<b>(\$29,045,138)</b>	
	Net Position - Ending	<b>(\$29,045,138)</b>	<b>(\$24,123,168)</b>	

**Financial Analysis of the Government's Funds**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$6,571,966, a decrease of \$3,515,214 compared with the prior year.

**CHARLEROI AREA SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

The *General Fund* is the chief operating fund of the District. At the end of the current fiscal year, the total fund balance increased by \$1,549,926. The reasons for this increase are discussed in the General Fund Budgetary Highlights section below.

The *Capital Projects Fund*, which accounts for capital project activity funded by bond issuance, has a total fund balance of \$132,887. The net decrease in fund balance during the current year in the capital projects fund was \$5,065,140, resulting primarily from expenditures for capital improvements.

**General Fund Budgetary Highlights**

There are no differences between the original budget and the final amended budget.

The General Fund's actual revenues exceeded budgeted revenues by \$3,552,144. This excess was principally attributable to tax revenues and Federal Covid-19 related funding ending higher than budgeted amounts. The General Fund's actual expenditures were more than the appropriations by \$2,341,400. Overall, the District spent 109% of the budget.

**Capital Asset and Debt Administration**

**Capital assets.** The District’s investment in capital assets as of June 30, 2022, amounts to \$35,381,494 (net of accumulated depreciation). This investment in capital assets includes furniture, fixtures, equipment, motor vehicles, audio-visual materials, construction in progress, and computer software. The total increase in the District’s investment in capital assets (net of accumulated depreciation) for the current fiscal year was approximately 14 percent.

Major capital asset events during the current fiscal year included the following:

- Computer and other Technology Upgrades
- Busses and other vehicles
- Land improvements and security upgrades

**Summary of Capital Assets  
(net of depreciation)**

	Governmental Activities	
	June 30, 2021	June 30, 2022
Land	\$ 637,195	\$ 637,195
Buildings	27,423,493	31,495,490
Vehicles	679,625	774,504
Infrastructure	1,685,126	1,672,109
Machinery and Equipment	709,923	774,138
Total Capital Assets	\$ 31,135,362	\$ 35,353,436

**CHARLEROI AREA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

Additional information on the District's capital assets can be found in the notes to the financial statements.

**Long-term debt.** The following is a summary of the District's long-term debt on June 30, 2021, and 2022.

**Summary of Outstanding Debt**

	Governmental Activities	
	June 30, 2021	June 30, 2022
GOB, Series B of 2021	\$ 7,630,000	\$ 7,625,000
GOB, Series of 2018	1,485,000	1,480,000
1999 Guaranteed Revenue Bonds	8,138,242	6,290,916
GOB, Series of 2019	12,555,000	12,550,000
2012 Mon Valley CTC	744,673	627,653
Capital Leases	180,267	91,422
Total Debt	\$ 30,733,182	\$ 28,664,991

The District's underlying rating from Moody's Investor's Service is Baa2, with a post-default enhanced rating of Baa1. Additional information on the District's long-term debt can be found in the notes to the financial statements.

**Requests for Information**

This financial report is designed to provide a general overview of the District's finances for all those with interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Manager, Charleroi Area School District, 125 Fecsen Drive, Charleroi, PA, 15022.

# Basic Financial Statements

CHARLEROI AREA SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2022

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 6,213,056	\$ 1,434,238	\$ 7,647,294
Investments	2,236,535	125,099	2,361,634
Taxes Receivable (net)	1,236,849		1,236,849
Internal Balances	613,596	(613,596)	-
State Revenue Receivable	1,129,307		1,129,307
Federal Revenue Receivable	904,800	2,450	907,250
Other Receivables	191,505	121	191,626
Inventories		13,139	13,139
Prepaid Expenses/Expenditures	453,490		453,490
Long Term Receivables	2,752,956		2,752,956
Right to Use Intangible Asset	211,983		211,983
Capital Assets (net)	35,353,436	28,058	35,381,494
<b>TOTAL ASSETS</b>	<b>51,297,513</b>	<b>989,509</b>	<b>\$ 52,287,022</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Refunding Loss	285,866		285,866
Pension & OPEB Related	6,012,060		6,012,060
Total Deferred Outflows of Resources	6,297,926		6,297,926
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 57,595,439</b>	<b>\$ 989,509</b>	<b>\$ 58,584,948</b>
<b>LIABILITIES</b>			
Intergovernmental Payables	\$ 27,190	\$ -	\$ 27,190
Accounts Payable	679,466	2,958	682,424
Accrued Salaries and Benefits	4,415,228		4,415,228
Interest Payable	1,373,878		1,373,878
Unearned Revenue	262,063	42,717	304,780
Other Current Liabilities	34,470	9,565	44,035
Long-Term Liabilities:			
Portions Due or Payable Within One Year:			
Bonds Payable	2,399,921		2,399,921
Extended Term Financing Agreements Payable	91,422		91,422
Lease Liability	76,080		76,080
Other Long-term Liabilities	67,252		67,252
Portions Due or Payable After One Year:			
Health Insurance Consortium Buy-In	134,504		134,504
Bonds Payable - Net of Related Premiums/Discounts	27,664,264		27,664,264
Lease Liability	139,102		139,102
Net Pension Liability	29,894,000		29,894,000
Long-term Portion of Compensated Absences	278,561		278,561
OPEB Obligation	3,492,880		3,492,880
OPEB Health Insurance Premium Share	1,727,100		1,727,100
Total Liabilities	72,757,381	55,240	72,812,621
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension & OPEB Related	7,142,539		7,142,539
Long-Term Construction Bond Deferred Inflow	2,752,956		2,752,956
Total Deferred Inflows of Resources	9,895,495		9,895,495
<b>NET POSITION</b>			
Net Investment in Capital Assets	5,432,465	28,058	5,460,523
Restricted for:			
Elementary Activity	17,147		17,147
Unrestricted	(30,507,049)	906,211	(29,600,838)
<b>TOTAL NET POSITION</b>	<b>(25,057,437)</b>	<b>934,269</b>	<b>(24,123,168)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 57,595,439</b>	<b>\$ 989,509</b>	<b>\$ 58,584,948</b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

CHARLEROI AREA SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities						
Instruction	\$ 15,263,654	\$ 42,666	\$ 5,942,429	\$ (9,278,559)	\$ -	\$ (9,278,559)
Instructional Student Support	1,869,575		1,216,476	(653,099)		(653,099)
Administrative and Financial Support	2,471,221		561,532	(1,909,689)		(1,909,689)
Operation and Maintenance of Plant	2,134,236	12,600	518,119	(1,603,517)		(1,603,517)
Pupil Transportation	1,297,968		522,158	(775,810)		(775,810)
Student Activities	780,153	51,698	70,420	(658,035)		(658,035)
Interest on Long-Term Debt	1,248,918		1,106,542	(142,376)		(142,376)
Total Governmental Activities	25,065,725	106,964	9,937,676	(15,021,085)		(15,021,085)
Business Type Activities						
Food Service	967,152	200,442	1,099,148		332,438	332,438
Total Business Type Activities	967,152	200,442	1,099,148		332,438	332,438
Total Government	26,032,877	307,406	11,036,824	(15,021,085)	332,438	(14,688,647)
General Revenues, Special and Extraordinary Items and Transfers						
Taxes						
Property Taxes				8,952,326		8,952,326
Other Taxes				1,613,587		1,613,587
Grants, Subsidies and Contributions, Unrestricted				8,645,993		8,645,993
Investment Earnings				22,855	3,194	26,049
Miscellaneous Income				372,662		372,662
Total General Revenues, Special and Extraordinary Items and Transfers				19,607,423	3,194	19,610,617
Change in Net Position				4,586,338	335,632	4,921,970
Net Position - Beginning - Restated				(29,643,775)	598,637	(29,045,138)
Net Position - Ending				<u>\$ (25,057,437)</u>	<u>\$ 934,269</u>	<u>\$ (24,123,168)</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

CHARLEROI AREA SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2022

	Governmental Funds		
	General Fund	Capital Projects Fund	Totals
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 6,069,215	\$ 143,841	\$ 6,213,056
Investments (At Fair Value)	2,236,535		2,236,535
Taxes Receivable (Net)	449,849		449,849
Due From Other Funds	624,550		624,550
State Revenue Receivable	1,129,307		1,129,307
Federal Revenue Receivable	904,800		904,800
Other Receivables (Net)	191,506		191,506
Prepaid Expenditures	251,734		251,734
Total Assets	<u>\$ 11,857,496</u>	<u>\$ 143,841</u>	<u>\$ 12,001,337</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities:			
Due to Other Funds	\$ -	\$ 10,954	\$ 10,954
Intergovernmental Payables	27,190		27,190
Accounts Payable	679,466		679,466
Accrued Salaries and Benefits	4,415,228		4,415,228
Unearned Revenue	262,063		262,063
Other Current Liabilities	34,470		34,470
Total Liabilities	<u>5,418,417</u>	<u>10,954</u>	<u>5,429,371</u>
Fund Balances:			
Nonspendable:			
Prepaid Expenditures	251,734		251,734
Committed to:			
Capital Projects		132,887	132,887
Elementary Activities	17,147		17,147
Assigned to:			
Assigned to Capital Projects and OPEB	844,220		844,220
Unassigned:	5,325,978		5,325,978
Total Fund Balances	<u>6,439,079</u>	<u>132,887</u>	<u>6,571,966</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 11,857,496</u>	<u>\$ 143,841</u>	<u>\$ 12,001,337</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

CHARLEROI AREA SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2022

<b>Total Fund Balances - Governmental Funds</b>	\$	6,571,966
Prepaid Expenses not to be consumed within the next fiscal year.		201,756
Capital assets used in governmental activities are not financial resources and are not reported as assets in governmental funds. The cost of the assets is \$64,173,461 and the accumulated depreciation is \$28,820,025.		35,353,436
Right to Use Intangible Lease Assets are not reported as assets in the governmental funds.		211,983
Long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds.		(30,064,185)
Long-term liabilities, including leases payable, are not due and payable in the current period and are not reported as liabilities in the funds.		(215,182)
Long-term liabilities, including extended term financing agreements payable, are not due and payable in the current period and are not reported as liabilities in the funds.		(91,422)
Long-term state subsidies receivable on future principal debt payments on long-term bonds payable are not assets in the funds.		2,752,956
Accrued interest expense on long-term debt is not due and payable in the current period and is not reported as a liability in the funds.		(1,373,878)
Deferred Gains and Losses on Refunding of Bonds are not reported in the governmental funds. They constitute deferred inflows and deferred outflows of resources on the Statement of Net Position.		285,866
Delinquent property taxes receivable will be collected, but are not available soon enough to pay for the current period's expenditure, and therefore are deferred in the funds.		787,000
Net Pension Obligations are not due and payable in the current period and, therefore, are not reported in the funds.		(29,894,000)
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions and Other Post Employment Benefits.		6,012,060
Deferred inflows of resources related to pensions and Other Post Employment Benefits		(7,142,539)
Deferred inflows of resources related to the long term debt subsidy receivable.		(2,752,956)
Long-term liabilities related to Health Insurance: Buy In Liability		(201,756)
Long-term portion of retirement obligations and compensated absences.		<u>(5,498,542)</u>
<b>Total Net Position - Governmental Activities</b>	<b>\$</b>	<b><u>(25,057,437)</u></b>

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

	Governmental Funds		Totals
	General	Capital Projects Fund	
<b>Revenues</b>			
Local Sources			
Taxes	\$ 10,533,913	\$ -	\$ 10,533,913
Other Local Revenues	920,131	3,767	923,898
State Sources	15,636,284		15,636,284
Federal Sources	2,525,967		2,525,967
Total Revenues	<u>29,616,295</u>	<u>3,767</u>	<u>29,620,062</u>
<b>Expenditures</b>			
Instruction	15,934,509		15,934,509
Support Services	8,270,715	14,193	8,284,908
Operation Of Non-Instructional Services	557,583		557,583
Capital Outlay	76,344	5,067,214	5,143,558
Debt Service			
Principal and Interest	3,214,718		3,214,718
Total Expenditures	<u>28,053,869</u>	<u>5,081,407</u>	<u>33,135,276</u>
Excess (Deficiency) of Revenues Over Expenditures	1,562,426	(5,077,640)	(3,515,214)
<b>Other Financing Sources (Uses)</b>			
Interfund Transfers In		12,500	12,500
Interfund Transfers (Out)	(12,500)		(12,500)
Total Other Financing Sources & (Uses)	<u>(12,500)</u>	<u>12,500</u>	<u>-</u>
Net Change in Fund Balances	1,549,926	(5,065,140)	(3,515,214)
Fund Balances - July 1, 2021	<u>4,889,153</u>	<u>5,198,027</u>	<u>10,087,180</u>
Fund Balances - June 30, 2022	<u>\$ 6,439,079</u>	<u>\$ 132,887</u>	<u>\$ 6,571,966</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

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

<b>Net Change in Fund Balances - Governmental Funds</b>	\$	(3,515,214)
Depreciation Expense		(1,344,169)
Capital outlays are reported governmental funds as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		5,562,243
Bond and note premium and discount amortization		123,144
Some delinquent property taxes will not be collected for several months after the District's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Unearned tax revenues increased by this amount this year.		32,000
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest recognized as the interest accrues regardless of when it is due. The additional interest reported in the statement of activities is the result of accrued interest payable and the accretement of interest on capital appreciation bonds.		(444,781)
Amortization of lease assets and interest expense related to lease liabilities.		(3,861)
Current Year amortization of deferred refunding losses on refunding of bonds.		(23,822)
In the statement of activities, compensated absences and other post employment benefits are measured by the amounts earned during the year. In the governmental funds, these items are measured by the amounts paid.		(76,480)
Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net		2,485,865
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:		
District pension contributions	296,113	
Cost of benefits earned net of employee contributions	1,495,300	1,791,413
<b>Change in Net Position - Governmental Activities</b>	<b>\$</b>	<b><u>4,586,338</u></b>

CHARLEROI AREA SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET VS ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Actual (budgetary basis)	Over (Under) Budget - Final
<b>Revenues</b>				
Local Sources				
Taxes	\$ 9,515,236	\$ 9,515,236	\$ 10,533,913	\$ 1,018,677
Other Local Revenues	687,086	687,086	920,131	233,045
State Sources	14,794,264	14,794,264	15,636,284	842,020
Federal Sources	1,067,565	1,067,565	2,525,967	1,458,402
Total Revenues	<u>26,064,151</u>	<u>26,064,151</u>	<u>29,616,295</u>	<u>3,552,144</u>
<b>Expenditures</b>				
Instruction				
Regular Programs	11,083,925	11,083,925	11,532,016	448,091
Special Programs	3,643,600	3,643,600	3,937,593	293,993
Vocational Education	433,595	433,595	425,667	(7,928)
Other Instructional Programs	33,037	33,037	23,004	(10,033)
Nonpublic School Programs	4,500	4,500	16,229	11,729
Total Instruction	<u>15,198,657</u>	<u>15,198,657</u>	<u>15,934,509</u>	<u>735,852</u>
Support Services				
Pupil Personnel	1,033,312	1,033,312	1,156,914	123,602
Instructional Staff	515,505	515,505	517,541	2,036
Administration	1,458,302	1,458,302	1,580,829	122,527
Pupil Health	291,595	291,595	298,995	7,400
Business	363,349	363,349	384,004	20,655
Operation & Maintenance of Plant Services	1,775,888	1,775,888	2,237,081	461,193
Student Transportation Services	1,131,097	1,131,097	1,392,815	261,718
Central	515,828	515,828	690,453	174,625
Other Support Services	23,000	23,000	12,083	(10,917)
Total Support Services	<u>7,107,876</u>	<u>7,107,876</u>	<u>8,270,715</u>	<u>1,162,839</u>
Operation of Non-Instructional Services				
Student Activities	283,439	283,439	557,583	274,144
Community Services	3,350	3,350	-	(3,350)
Total Non-Instructional Services	<u>286,789</u>	<u>286,789</u>	<u>557,583</u>	<u>270,794</u>
Capital Outlay			76,344	76,344
Debt Service				
Principal and Interest	3,119,147	3,119,147	3,214,718	95,571
Total Expenditures	<u>25,712,469</u>	<u>25,712,469</u>	<u>28,053,869</u>	<u>2,341,400</u>
Excess (Deficiency) of Revenues Over Expenditures	351,682	351,682	1,562,426	1,210,744
<b>Other Financing Sources (Uses)</b>				
Interfund Transfers In				
Interfund Transfers (Out)		-	(12,500)	(12,500)
Budgetary Reserve	(352,046)	(352,046)		352,046
Total Other Financing Sources & (Uses)	<u>(352,046)</u>	<u>(352,046)</u>	<u>(12,500)</u>	<u>339,546</u>
Net Change in Fund Balances	(364)	(364)	1,549,926	1,550,290
Fund Balance - July 1, 2021	<u>4,889,153</u>	<u>4,889,153</u>	<u>4,889,153</u>	
Fund Balance - June 30, 2022	<u>\$ 4,888,789</u>	<u>\$ 4,888,789</u>	<u>\$ 6,439,079</u>	<u>\$ 1,550,290</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

CHARLEROI AREA SCHOOL DISTRICT  
STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
JUNE 30, 2022

	Food Service Fund
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 1,434,238
Investments	125,099
Federal Revenue Receivable	2,450
Other Receivables	121
Inventories	13,139
Total Current Assets	1,575,047
Noncurrent Assets:	
Food Service Equipment (Net of Depreciation)	28,058
Total Noncurrent Assets	28,058
<b>TOTAL ASSETS</b>	<b>\$ 1,603,105</b>
<b>LIABILITIES</b>	
Current Liabilities:	
Due to Other Funds	\$ 613,596
Accounts Payable	2,958
Unearned Revenue	42,717
Other Current Liabilities	9,565
Total Current Liabilities	668,836
<b>NET POSITION</b>	
Net Investment in Capital Assets	28,058
Unrestricted	906,211
Total Net Position	934,269
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 1,603,105</b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

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

	Food Service
<b>Operating Revenues</b>	
Food Service Revenue	\$ 200,442
Total Operating Revenue	200,442
<b>Operating Expenses</b>	
Personal Services - Salaries	261,220
Personal Services - Benefits	136,509
Purchased Property Services	6,341
Other Purchased Services	489,219
Supplies	62,837
Depreciation Expense	11,026
Total Operating Expenses	967,152
Operating Income (Loss)	(766,710)
<b>Nonoperating Revenues (Expenses)</b>	
Operating Subsidies	
State Subsidies	83,064
Federal Subsidies	
Lunch and Breakfast Subsidies	963,744
Value of Donated Commodities Received	52,340
Earnings on Investments	3,194
Total Nonoperating Revenue and Expense	1,102,342
Change in Net Position	335,632
Net Position - July 1, 2021	598,637
Net Position - June 30, 2022	\$ 934,269

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

CHARLEROI AREA SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2022

	Food Service
<b>Cash Flows from Operating Activities:</b>	
Cash Received from Customers	\$ 200,442
Cash Payments to Employees for Services	(68,681)
Cash Paid to Suppliers for Goods and Services	(465,073)
Net Cash Provided (Used) by Operating Activities	(333,312)
<b>Cash Flows from Noncapital Financing Activities:</b>	
Grants and Subsidies Received for Non-Operating Activities	
State Subsidies	83,064
Federal Subsidies	1,003,167
Net Cash Provided (Used) by Noncapital Financing Activities	1,086,231
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Purchase of Equipment	(11,079)
Net Cash Provided (Used) by Capital and Related Financing Activities	(11,079)
<b>Cash Flows from Investing Activities:</b>	
Earnings on Investments	3,194
Withdrawals (Purchases of) from Investment Pools	375,091
Net Cash Provided (Used) by Investing Activities	378,285
Net Increase (Decrease) in Cash and Equivalents	1,120,125
Cash and Cash Equivalents, Beginning of Year	314,113
Cash and Cash Equivalents, End of Year	\$ 1,434,238
<b>Reconciliation of Operating Income (Loss) to Net Cash Used By Operating Activities</b>	
Operating Income (Loss)	\$ (766,710)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used by Operating Activities:	
Depreciation	11,026
Donated Commodities Used	52,340
Changes in Assets and Liabilities:	
Inventories	(603)
Due to/Due From Other Funds	329,048
Accounts Payable	1,841
Unearned Revenues	30,181
Total Adjustments	433,398
Net Cash Provided (Used) by Operating Activities	\$ (333,312)

**Noncash Noncapital Financing Activities:**

During the year, the District received \$52,943 of food commodities from the U.S. Department of Agriculture.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

CHARLEROI AREA SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS  
JUNE 30, 2022

	Custodial Funds Student Activities
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 50,726
TOTAL ASSETS	\$ 50,726
<b>LIABILITIES</b>	
Due to Other Funds	
Accounts Payable	\$ -
Total Liabilities	-
<b>NET POSITION</b>	
Restricted	50,726
Total Net Position	50,726
TOTAL LIABILITIES AND NET POSITION	\$ 50,726

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

CHARLEROI AREA SCHOOL DISTRICT  
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2022

	Custodial Funds
	Student Activities
<b>Additions</b>	
Student Activities	\$ 92,507
Total Additions	92,507
<b>Deductions</b>	
Student Activities	92,417
Total Deductions	92,417
Change in Net Position	90
Net Position - July 1, 2021	50,636
Net Position - June 30, 2022	\$ 50,726

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

# Charleroi Area School District

## Notes to the Basic Financial Statements

### June 30, 2022

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

The Charleroi Area School District (the "School District") provides public elementary and secondary education to the residents of the Township of Fallowfield and the Boroughs of Charleroi, Dunlevy, North Charleroi, Speers, Stockdale, and Twilight, all in Washington County of The Commonwealth of Pennsylvania. The District operates under a nine-person elected Board of Directors.

#### **A. Reporting Entity**

A reporting entity is composed 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 School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Charleroi Area School District, this includes general operations, food service, and student related activities of the School District.

In evaluating the School District as a primary government in accordance with Governmental Accounting Standards Board (GASB) Statement No. 61, "The Financial Reporting Entity," management has addressed all potential component units. Consistent with this Statement, the criteria used by the School District to evaluate possible inclusion of related entities within its reporting entity are financial accountability and the nature and significance of the relationship. Upon review of this criteria, the School District determined that there were no potential component units that met the criteria for inclusion in the reporting entity.

The School District is, however, a participant in a jointly governed organization: Mon Valley Career & Technology Center (Technology Center). See Note 10 for details on operating information about this entity.

#### **B. Basis of Presentation**

The financial statements of Charleroi Area School District have been prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Following are the more significant of the School District's accounting policies.

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

## **1. Government-wide Financial Statements**

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Eliminations have been made to minimize the double-counting of internal activities. The statements distinguish between those activities of the School District that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances are eliminated.

## **2. Fund Financial Statements**

The fund financial statements provide information about the School District's funds, including the fiduciary funds. Separate statement for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

## **C. Fund Accounting**

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

### **1. Governmental Funds**

Governmental funds are those through which most governmental functions of the School District are financed. Governmental fund reporting focuses 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 General Fund and the Capital Projects Fund are the School District's major governmental funds:

**General Fund** - The General Fund is the general operating fund of the School District. It is used to account for all financial resources except those required to be accounted for in another fund. Normal debt service payments for general long-term debt are recorded in the General Fund by the School District.

**Capital Projects Fund** - The Capital Projects Fund includes the School District's Capital Projects Fund and Capital Reserve Fund. The Capital Projects Fund accounts for funds which are typically borrowed or transferred from the General Fund and used for major capital improvements. The Capital Reserve Fund is a Section 1432 Capital Reserve Fund set up in accordance with the Pennsylvania School Code. The purpose of the fund is to set aside excess monies available in the General Fund for future use in the area of capital outlay and improvements.

## **2. Proprietary Funds**

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The following are the School District's proprietary funds:

### **Enterprise Fund**

The Enterprise Fund may be used to account for any activity for which a fee is charged to external users for goods or services.

### **Food Service**

The Food Service Fund accounts for the financial transactions related to the food service operations of the School District. This fund is the School District's only enterprise fund and it is reported as a major fund.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the School District's enterprise fund are food service charges. Operating expenses for the School District's enterprise fund include food production costs, supplies, administrative costs, and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

## **3. 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 not available to support the School District's own programs. Custodial funds are custodial in

nature and are used to account for fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. The School District's custodial fund accounts for various student-managed activities.

### ***Custodial Funds***

Student Activity Fund - This fund is utilized to account for monies authorized by Section 511 of the Public School Code of 1949 for student activities, publications and organizations. These organizations exist with the explicit approval of and are subject to revocation by the Board.

## **D. Measurement Focus, Basis of Accounting**

### **1. Government-wide, Proprietary, and Fiduciary Fund Financial Statements**

The government-wide, proprietary, and fiduciary fund financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the School District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

### **2. Governmental Fund Financial Statements**

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. The statement of revenues, expenditures and changes in fund balances reflects the sources (i.e. revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

### **3. Revenues - Exchange and Nonexchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means 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.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are

levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year-end: property taxes available as an advance, income taxes, grants, interest, tuition and student fees.

#### **4. Unearned Revenues**

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2022, but which were levied to finance fiscal year 2023 operations, are recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue.

On governmental fund financial statements, receivables that will not be collected within the available period are reported as unearned revenue.

#### **5. Expenses/Expenditures**

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. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

#### **E. Budgetary Process**

Generally Accepted Accounting Principles serve as the budgetary basis of accounting. In accordance with state law, an annual budget prepared by function and object is formally adopted for the General Fund. The School District does not formally adopt budgets for other funds.

The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the budget when the original appropriations were adopted.

The appropriation resolution is subject to budget transfer amendments between functions, as allowed by the Public School Code, throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts in the budgetary financial statement reflect the first appropriation resolution for the general fund that covered the entire fiscal year. The amounts reported as the final budgeted amounts represent the

final appropriation that includes budget transfer amendments as passed by the Board during the fiscal year. The measurement level of control over expenditures for all budgeted funds is the surplus or deficit of the fund as a whole.

The School District follows these procedures in establishing the budgetary data reflected in the financial statements:

- ◆ - 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 means of financing them.
- ◆ - A meeting of the Board of School Directors is then called for the purpose of adopting the proposed budget. The meeting may only be held after 30 days of public notification.
- ◆ - Prior to July 1, the Board of School Directors legally enacts the budget through passage of a resolution.
- ◆ - The budget must be filed with the Pennsylvania Department of Education by July 31 of the fiscal year.

**F. Encumbrances**

Encumbrances at year-end are reported in the fund financial statements as reservations of fund balance since they do not constitute expenditures or liabilities but serve as authorization for expenditures in the subsequent year. As of June 30, 2022, the School District has no encumbrances.

**G. Cash and Investments**

For purposes of the statement of cash flows, the proprietary fund considers all highly liquid investments with maturity of three months or less when purchased and pooled funds investments subject to daily withdrawal to be cash equivalents.

***Deposits***

Below is a summary of the School District’s deposits which are insured by the Federal Deposit Insurance Corporation, and those which are not insured or collateralized in the School District’s name, but collateralized in accordance with Act 72 of the Pennsylvania State Legislature which requires the financial institution to pool collateral for all government deposits and have the collateral held by an approved custodian in the institution’s name.

	<b>FDIC Insured</b>	<b>Pooled Collateral</b>	<b>Bank Balance</b>	<b>Carrying Amount</b>
Cash and Deposits	<u>\$ 250,000</u>	<u>\$ 7,589,912</u>	<u>\$ 7,839,912</u>	<u>\$ 7,698,020</u>

***Investments***

The investments of the District have been categorized to indicate the level of risk assumed by the District. All investments are either investments, signifying that all are uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the District’s name; or pooled investment funds which cannot be classified by risk category because they are not evidenced by securities that exist in physical or book entry form.

The District’s investments at June 30, 2022 consist of:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Pennsylvania Local Government Investment Trust	<u>\$ 2,361,634</u>	<u>\$ 2,361,634</u>
Total	<u><u>\$ 2,361,634</u></u>	<u><u>\$ 2,361,634</u></u>

The Pennsylvania Local Government Investment Trust is an investment pool. The fair value of the investment pool is the same as the value of the pool shares owned. Although the Fund seeks to maintain the net asset value of \$1 per share, there can be no guarantee that the net asset values will not vary from this price.

Regulatory oversight resides with the Board of Trustees and Trust Administration. The participants of the trust annually select an independent auditing firm to examine, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The trust is not registered with the Securities and Exchange Commission. Contacts with prospective investors relating to the shares of the pool are conducted through the Investment Adviser's wholly owned subsidiary, PFMAM, Inc., member NASD.

When applicable, the School District measures investments at fair value. The fair value measurement guidelines, set forth by generally accepted accounting principles, recognize a three-tiered fair value hierarchy as follows:

- Level 1 inputs: Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets. A quoted price for an identical asset or liability in an active market (e.g., an equity security traded on a major exchange) provides the most reliable fair value measurement and, if available, should be used to measure the fair value in that particular market.
- Level 2 inputs: The categorization of an asset/liability as Level 1 requires that it is traded in an active market. If an instrument is not traded in an active market, it may fall to Level 2. Level 2 inputs are inputs that are observable, either directly or indirectly, but do not qualify as Level 1.
- Level 3 inputs: Reporting entities may use unobservable inputs to measure fair value if relevant observable inputs are not available, thereby allowing for situations in which there is little, if any market activity for the asset or liability at the measurement date. These unobservable inputs are considered Level 3.

Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

**Investment Risks**

*Custodial Credit Risk* - Custodial credit risk is the risk of loss resulting from the failure of the custodian such that the custodian would not be able to recover the value of its investments or collateral securities in the possession of the custodian. The School District is permitted to invest

funds consistent with sound business practices in the following types of investments, certain money market mutual funds, and deposit accounts:

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) 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.

Act 20, a Pennsylvania law enacted in June of 1995, expands the allowable investment vehicles to include certain money market mutual funds rated as "AAA" whose investments are limited to those mentioned in the previous paragraph.

Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation 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 therefore shall be pledged by the depository.

*Interest Rate Risk* – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of a fixed income investment. The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Concentration of Credit Risk* – Credit risk concentration is the risk of loss attributed to investments (other than those issued or guaranteed by the U.S. Government) in any one organization that represented 5 percent or more of the plan's net position. The School District places no limit on the amount it may invest in any one issue.

#### *Foreign Currency Risk*

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment.

### **H. Taxes Receivable**

Taxes receivable consist of delinquent real estate taxes due at June 30, 2022, less an allowance for the amount of these delinquencies not expected to be collected within the next fiscal year.

### **I. Interfund Receivables/Payables**

During the course of operations, transactions sometime occur between individual funds for goods provided or services rendered. These receivables and payables, to the extent they exist, are classified as "Due from Other Funds" or "Due to Other Funds" on the balance sheet.

### **J. Inventories**

On government-wide financial statements, inventories are presented at cost on a first-in, first-out basis, and are expensed when used.

Inventories in governmental funds are stated at cost by the first-in, first-out (FIFO) method. The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, an estimated value of inventories is reported as an asset in the General Fund. The inventories in the General Fund are equally offset by a fund balance reserve, which indicates they do not constitute “available spendable resources” even though they are a component of net current assets. The General Fund did not have a material inventory balance as of June 30, 2022.

A physical inventory of the Food Service Fund food and supplies was taken as of June 30, 2022. The inventory consisted of government donated commodities (valued using USDA values) using the first-in, first-out (FIFO) method.

**K. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$1,500 and an estimated useful life in excess of one year. Management has elected to include certain homogeneous asset categories with individual assets less than \$1,500 as composite groups for financial reporting purposes. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

All capital assets, except land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives.

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	10 - 15 years
Buildings and Building Improvements	20 - 50 years
Vehicles	6 - 10 years
Machinery and Equipment	6 - 10 years

**L. Long-Term Liabilities**

In the government-wide financial statements and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance

costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### **M. Estimates**

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

### **N. Fund Balances**

In accordance with Governmental Accounting Standards Board Statement #54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the School District classifies governmental fund balances as follows:

- Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable at June 30, 2022 by the School District are nonspendable in form.
- Restricted – includes amounts that are restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of School Directors, the District’s highest level of decision-making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of School Directors.
- Assigned – includes amounts that the School District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the School District’s established policy, amounts may be assigned by the Business Manager of the School District.
- Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the School District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the School District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of School Directors has provided otherwise in its commitment or assignment actions.

Fund balances in the School District’s major funds are \$6,439,079 for the general fund, comprised of nonspendable prepaid amounts of \$251,734, committed amounts of \$17,147 for elementary activities, assigned amounts of \$844,220 for Capital Projects and OBEB, and unassigned amounts of \$5,325,978. In addition, \$132,887 is in committed fund balance for the capital projects fund.

### **O. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and

are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

**P. Subsequent Events**

The School District evaluated subsequent events for recognition and disclosure through January 11, 2023, the date the financial statements were available to be issued.

**Note 2 - Real Estate and Unearned Revenue**

Property taxes attach as an enforceable lien on property as of July 1<sup>st</sup> of the year following levy. Taxes are levied on July 1. The School District bills and collects its own property taxes through locally elected tax collectors. Collection of delinquent property taxes is contracted to a private collection agency. The tax levy for fiscal 2022 was based on assessed values on January 1, 2021 of \$530.1 million. The School District tax rate for the year ended June 30, 2022 was 17.5739 mills as levied by the School Board.

Taxes may be paid at a 2% discount until September 30<sup>th</sup>, at face until November 30<sup>th</sup>, and at a 10% penalty until the lien date.

The School District, in accordance with GAAP, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as determined by the administration. A portion of the net amount estimated to be collectible, which was measurable and available within 60 days, was recognized as revenue and the balance deferred in the fund financial statements. This balance, net of allowances, is \$449,849.

### Note 3 - Changes in Capital Assets

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

	Beginning Balance	Additions	Retirements	Ending Balance
<b>Governmental Activities</b>				
Non-Depreciable Assets:				
Land	\$ 637,195	\$	\$	\$ 637,195
Depreciable Assets				
Buildings	50,720,365	5,206,025		55,926,390
Equipment	2,333,627	132,871		2,466,498
Motor Vehicles	2,962,288	223,347		3,185,635
Infrastructure	1,957,743			1,957,743
Totals at historical cost	<u>58,611,218</u>	<u>5,562,243</u>	-	<u>64,173,461</u>
Less accumulated depreciation for:				
Buildings	(23,296,872)	(1,134,028)		(24,430,900)
Equipment	(1,623,704)	(68,656)		(1,692,360)
Motor Vehicles	(2,282,663)	(128,468)		(2,411,131)
Infrastructure	(272,617)	(13,017)		(285,634)
Total accumulated depreciation	<u>(27,475,856)</u>	<u>(1,344,169)</u>		<u>(28,820,025)</u>
Governmental activities capital assets, net	<u>\$ 31,135,362</u>	<u>\$ 4,218,074</u>	\$	<u>\$ 35,353,436</u>
<b>Business-type Activities</b>				
Depreciable Assets:				
Equipment	\$ 203,436	\$ 11,079	\$	\$ 214,515
Totals at historical cost	<u>203,436</u>	<u>11,079</u>		<u>214,515</u>
Less accumulated depreciation for:				
Equipment	(175,431)	(11,026)		(186,457)
Total accumulated depreciation	<u>(175,431)</u>	<u>(11,026)</u>		<u>(186,457)</u>
Business-type activities capital assets, net	<u>\$ 28,005</u>	<u>\$ 53</u>	\$	<u>\$ 28,058</u>
Depreciation expense was charged to governmental functions as follows:				
Instruction				\$ 637,726
Support				71,034
Administration				98,294
Plant				85,317
Transportation				191,185
Student Activities				260,613
Total depreciation expense				<u>\$ 1,344,169</u>

In the 2021-2022 school year, building renovations and equipment purchases added \$5,562,243 to the historical cost of governmental activities and \$11,079 to the historical cost of business activities. Depreciation expense for that same time period was \$1,344,169 for the governmental activities and \$11,026 for the business activities, resulting in a net book value increase of \$4,218,074 for the governmental activities and \$53 for the business activities.

## Note 4 - General Long-Term Debt

Changes in the School District's long-term obligations during fiscal year 2022 were as follows:

	Beginning Balance (Restated)	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Bonds, loans & leases payable					
Capital Improvement bonds	\$ 30,552,915	\$ 417,674	\$ (2,397,020)	\$ 28,573,569	\$ 2,399,921
Capital Leases payable	180,267		(88,845)	91,422	91,422
	<u>30,733,182</u>	<u>417,674</u>	<u>(2,485,865)</u>	<u>28,664,991</u>	<u>2,491,343</u>
Less: Bond Discount	(104,188)		7,186	(97,002)	
Plus: Bond Premiums	<u>1,717,948</u>		<u>(130,330)</u>	<u>1,587,618</u>	
Total bonds, loans and leases payable	32,346,942	417,674	(2,609,009)	30,155,607	2,491,343
Other liabilities:					
Compensated absences	284,784	8,875	(15,098)	278,561	
Pension Liability	36,588,300	1,967,000	(8,661,300)	29,894,000	
OPEB - Health insurance Premium Share	3,946,982	247,034	(701,136)	3,492,880	
OPEB Obligation	<u>1,612,100</u>	<u>211,100</u>	<u>(96,100)</u>	<u>1,727,100</u>	
Total other liabilities	<u>42,432,166</u>	<u>2,434,009</u>	<u>(9,473,634)</u>	<u>35,392,541</u>	
Governmental activities long-term liabilities	<u>\$ 74,779,108</u>	<u>\$ 2,851,683</u>	<u>\$ (12,082,643)</u>	<u>\$ 65,548,148</u>	<u>\$ 2,491,343</u>

### General Obligation Bonds

General Obligation Bonds, Series C of 1999, principal amount of \$4,168,920 and face amount of \$15,950,000. Of this amount, \$95,000 was issued as Current Interest bonds. Interest is payable semi-annually on April 1<sup>st</sup> and October 1<sup>st</sup> at 6%. The Current Interest Bonds mature on October 1, 2017. The Compound Interest Notes will not bear current interest but will accrete in value from the date of original issue until the bonds mature at face value on their respective maturity dates, starting on October 1, 2018 and continuing annually through October 1, 2024.

2012 Mon Valley Career & Technology Center – principal amount of \$1,551,240. On February 23, 2012, the District agreed to pay the Mon Valley Career & Technology Center this principal amount in connection with the issuance of their General Obligation Series of 2012. The District pays 19.34% of the principal and interest due on the Mon Valley bonds. Interest is payable semi-annually on March 1<sup>st</sup> and September 1<sup>st</sup>. The bonds mature in lots on September 1<sup>st</sup> each year starting in 2013 through 2026.

General Obligation Bonds, Series of 2018, issuance amount of \$1,500,000, variable rate from 3.0% to 3.5% with final payment due December 1, 2034. These bonds were issued to fund various capital renovations and improvements to School District facilities and to pay the costs of issuance of the bonds.

General Obligation Bonds, Series of 2019, issuance amount of \$12,675,000, variable rate from 3.0% to 4.0% with final payment due November 11, 2033. These bonds were issued to refund the Series of 2009B Bonds.

General Obligation Bonds, Series of 2021, issuance amount of \$7,630,000, variable rate from 0.550% to 1.830% with final payment due December 1, 2037. These bonds were issued for the purpose of paying the costs of certain capital projects and paying the costs of issuance of the Bonds.

The General Fund is used to liquidate the long-term liability for post-retirement benefits and compensated absences. The current portion of debt obligations and post-retirement benefits is recorded as a current liability in the Statement of Net Position.

The balances remaining on the remaining three series at June 30, 2022 are:

**Current Interest Bonds**

2021 General Obligation Bonds	\$ 7,625,000
2019 General Obligation Bonds	12,550,000
2018 General Obligation Bonds	1,480,000
2012 MVCTC Bonds	<u>627,653</u>
Total Current Interest Bonds	<u>\$ 22,282,653</u>

<b>Zero Coupon Bonds</b>	<u>Stated Maturity</u>	<u>Value at Issuance</u>	<u>Compound Accreted Value at June 30, 2022</u>
1999C General Obligation Bonds	\$ 6,795,000	\$ 1,522,034	<u>\$ 6,290,916</u>
Total Zero Coupon Bonds			<u>\$ 6,290,916</u>
Total All Bonds			<u><u>\$ 28,573,569</u></u>

The amounts necessary to amortize outstanding general obligation bonds for the next five years and to maturity are:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 2,399,921	\$ 719,207	\$ 3,119,128
2024	2,401,856	724,056	3,125,912
2025	2,405,725	712,684	3,118,409
2026	1,438,625	684,279	2,122,904
2027	1,491,527	629,860	2,121,387
2028-2032	8,025,000	2,277,547	10,302,547
2033-2037	9,575,000	730,275	10,305,275
2038	1,340,000	1,340,000	2,680,000
Total	<u>\$ 29,077,654</u>	<u>\$ 7,817,908</u>	<u>\$ 36,895,562</u>

***Capital Leases Payable***

During 2019/2020, the School District entered into a capital lease for the purchase of 4 busses. The lease consisted of an original principal balance of \$360,680 and interest at the rate of 2.90%, with final payment due in 2022. The amounts necessary to amortize this lease are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 91,422	\$ 2,651	\$ 94,073
Total	<u>\$ 91,422</u>	<u>\$ 2,651</u>	<u>\$ 94,073</u>

**Note 5 - Pension Plan**

**1. Summary of Significant Accounting Policies**

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public School employees’ Retirement System (PSERS) and addition 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. Investments are reported at fair value.

***General Information about the Pension Plan***

Plan Description

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

## Benefits Provided

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

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

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.

Contributions

Member Contributions:

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

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

**Shared Risk Program Summary**

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

Employer Contributions:

The School District’s contractually required contribution rate for fiscal year ended June 30, 2022 was 33.99%\* of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$3,772,903 for the year ended June 30, 2022.

\*The defined benefit contribution rate of 0.15% is an estimated rate. It is recommended employers use the actual defined contributions made to the PSERS defined contribution rate. This may impact contributions made to the pension plan.

**2. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions**

At June 30, 2022, the District reported a liability of \$29,894,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total

pension liability used to calculate the net pension liability was determined by rolling forward the System’s total pension liability as of June 30, 2020 to June 30, 2021. The 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, 2022, the District’s proportion was 0.0728 percent, which was a decrease of 0.0015 from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the District recognized pension expense of \$1,967,000. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 22,000	\$ 393,000
Changes in Assumptions	1,450,000	
Net difference between projected and actual investment earnings		4,758,000
Changes in proportions	167,000	660,000
Contributions subsequent to the measurement date	3,772,903	
	\$ 5,411,903	\$ 5,811,000

\$3,772,903 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2022	\$ (1,198,000)
2023	(677,000)
2024	(759,000)
2025	(1,537,000)

#### Actuarial assumptions

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

- Valuation Date – June 30, 2020
- Actuarial cost method - Entry Age Normal – level % of pay.
- Investment return – 7.00%, includes inflation at 2.50%.
- Salary growth – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study that was performed for the five year period ending June 30, 2020.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Public Equity	27.0%	5.2%
Private Equity	12.0%	7.3%
Fixed Income	35.0%	1.8%
Commodities	10.0%	2.0%
Absolute return	8.0%	3.1%
Infrastructure/MLPs	8.0%	5.1%
Real estate	10.0%	4.7%
Cash	3.0%	0.1%
Leverage	-13.0%	0.1%
	<u>100.0%</u>	

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

### Discount Rate

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

### Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate

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

	1% Decrease 6.00%	Current Discount rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	\$39,231,000	\$29,889,000	\$22,009,000

### Pension plan fiduciary net position

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

### Note 6 - Compensated Absences & Other Post-Employment Benefits

The School District has made early retirement benefits available to certain employees. The benefit is (1) payment for unused sick days at retirement. The payable for declared retirements is recorded as a current liability in the General Fund at the time of retirement. With respect to other employees that do not meet the criteria established by the School District for early retirement, these employees are not eligible to receive payment for their unused sick days at retirement. The General Fund has been used to liquidate the accumulated liability for retirement benefits. The dollar amounts of the benefits are as follows:

	<u>Accumulated Sick Days</u>	<u>Total</u>
June 30, 2021	\$ 284,784	\$ 284,784
Increases	8,875	8,875
Decreases	(15,098)	(15,098)
June 30, 2022	<u>\$ 278,561</u>	<u>\$ 278,561</u>

## Note 7 – OPEB Liability – Health Insurance Premium Share

### OPEB Plan

#### **1. Summary of Significant Account Policies**

##### Other Postemployment Benefits

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

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

##### Health Insurance Premium Assistance Program

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

##### Premium Assistance Eligibility Criteria

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

- Have 24 ½ or more years of service, or
- Area 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.

### Pension Plan Description

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

### Benefits provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2020, there were no assumed future benefit increases to participating eligible retirees.

### Employer Contributions:

The school districts' contractually required contribution rate for the fiscal year ended June 30, 2022 was 0.80% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$88,410 for the year ended June 30, 2022.

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

At June 30, 2022, the District reported a liability of \$1,727,100 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2021 to June 30, 2022. 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, 2022, the District's proportion was 0.0728%, which was a decrease of 0.0015% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the District recognized OPEB expenses of \$103,000. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 16,000	\$ -
Changes in Assumptions	184,000	23,000
Net difference between projected and actual investment earnings	3,000	
Changes in proportions	39,000	51,000
Contributions subsequent to the measurement date	88,410	
	\$ 330,410	\$ 74,000

\$88,410 reported as deferred outflows of resources related to OPEB relating to OPEB expense will be recognized as an addition to the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2022	\$ 27,000
2023	27,000
2024	42,000
2025	29,000
2026	26,000
Thereafter	18,000

#### Actuarial assumptions

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

- Actuarial cost method - Entry Age Normal – level % of pay.
- Investment return – 2.18% - S&P 20 Year Municipal Bond Rate
- Salary growth – Effective average of 4.5%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version for the MP-2020 Improvement Scale.
- Participation rate:
  - Eligible retirees will elect to participate Pre age 65 at 50%.
  - Eligible retirees will elect to participate Post age 65 at 70%.

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

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2019 determined the employer contribution rate for fiscal year 2021.

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

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

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

<u>OPEB Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	79.8%	0.1%
US Core Fixed Income	17.5%	0.7%
Non-US Developed Fixed	2.7%	-0.3%
	<u>100.0%</u>	

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

#### Discount Rate

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

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2021, retiree Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2021, 93,392 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2021, 611 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the

\$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
System net OPEB Liability (in thousands)	\$ 2,369,814	\$ 2,370,083	\$ 2,370,295

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate

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

	<u>1% Decrease 1.18%</u>	<u>Current Discount Rate 2.18%</u>	<u>1% Increase 3.18%</u>
District's proportionate share of the net OPEB liability	\$ 1,982,000	\$ 1,727,000	\$ 1,517,000

OPEB plan fiduciary net position

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

**Schedule of Employer Premium Assistance Contributions**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially Determined Contribution	\$ 97,531	\$ 103,111	\$ 102,660	\$ 100,417	\$ 90,500	\$ 94,919
Contributions in relation to the actuarially determined contribution	84,714	87,468	84,324	83,346	79,602	82,504
Contribution Deficiency	12,817	15,642	18,336	17,071	10,898	12,415
Covered Payroll	10,328,343	10,469,679	10,143,723	10,049,840	9,582,862	9,496,452
Contribution as a percentage of covered payroll	0.82%	0.84%	0.83%	0.83%	0.83%	0.87%

## Note 8 – Other Post-Employment Benefits

The District maintains a single employer defined benefit healthcare plan. The plan provides health insurance for eligible retirees and their spouses through the District’s health insurance plan.

*Funding Policy.* The contribution requirements of plan members and the District are established and may be amended by the Board of School Directors.

*Funded Status and Funding Progress.* As of June 30, 2022, the actuarial accrued liability for benefits was \$3,492,880, all of which was unfunded.

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

For the year ended June 30, 2022, the District recognized expense of \$130,671. At June 30, 2022 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 269,747	\$ 1,257,539
	<u>\$ 269,747</u>	<u>\$ 1,257,539</u>

The other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2023	\$ (116,363)
2024	(116,363)
2025	(116,363)
2026	(116,363)
2027	(116,363)
Thereafter	(405,979)

### Sensitivity of the Net OPEB liability to changes in the discount rate

The following presents the net OPEB liability to the District, calculated using the discount rate of 3.54%, as well as what the District’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54 percent) or 1-percentage-point higher (4.54 percent) than the current rate:

	<u>1% Decrease 2.54%</u>	<u>Current Discount Rate 3.54%</u>	<u>1% Increase 4.54%</u>
Net OPEB Liability	\$ 3,872,356	\$ 3,492,880	\$ 3,148,466

Sensitivity of the Net OPEB liability to Changes in the Medical Inflation Rate

The following presents the net OPEB liability to the District, calculated using the current medical inflation rate as well as what the District’s net OPEB liability would be if it were calculated using an inflation rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Medical Inflation Rate</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 3,122,845	\$ 3,492,880	\$ 3,914,034

**Schedule of Changes in the Plan's OPEB Liability and Related Ratios**

	<u>2022</u>	<u>2021</u>
Service Cost	\$ 159,030	\$ 160,372
Interest	88,004	92,288
Difference between expected and actual	(637,647)	(282,831)
Benefit Payments	<u>(63,489)</u>	<u>(76,802)</u>
Net Change in total OPEB Liability	<u>(454,102)</u>	<u>(106,973)</u>
Total OPEB liability - beginning of year	<u>3,946,982</u>	<u>4,053,955</u>
Total OPEB liability - end of year	\$ 3,492,880	\$ 3,946,982
Covered-employee payroll	\$ 8,338,212	\$ 9,149,552
Total OPEB liability as a percentage of covered- employee payroll	41.89%	43.14%

➤ Valuation Date: July 1, 2020 projected to June 30, 2022

The following assumptions were also made:

*Actuarial Cost Method* – Entry Age normal Percentage of Pay

*Medical Inflation Rate* – 6.5% increase in the first year, decreasing by 0.5% per year to an ultimate rate of 5%.

*Asset Valuation Method* – Market value

*Inflation* – 2.6%

*Wage inflation* – 3%

*Salary Increases* – 3.00%, average, including inflation.

*Long-term investment rate of return* – 3.54% (6/30/2022 Bond Buyer Index AA), 2.16% (6/30/2021 Bond Buyer Index AA)

*Retirement Age* – Immediate upon eligibility for unreduced PSERS benefit. Teachers/Administrators: 30 years of service for window

*Mortality* – RP-2000 Combined Healthy with Scale BB

## Note 9 – Lease Assets and Liabilities

During September 2018, the District entered into a lease with Ford Business Machines for the use of copy equipment. The lease was for a 60 month period, required monthly payments of \$4,438.00 and is set to expire during September 2023.

Below is a summary of the lease expenses recognized by the District during the 21/22 year, along with the balances of the lease assets and liabilities as of June 30, 2022. These assets and liabilities are recognized on the Statement of Net Position as Right to Use Intangible Assets and Lease Payable.

	Year Ending 6/30/2022						Amounts Due Within One Year
<b>Lease expense</b>							
Amortization expense by class of underlying asset							
Equipment	\$	2,740					
Copy Machine		74,676					
Total amortization expense		77,416					
Interest on lease liabilities		9,185					
<b>Total</b>	\$	<b>86,601</b>					
<b>Lease Assets</b>	Beginning of Year	Additions	Modifications & Remeasurements	Subtractions	End of Year		
Equipment	\$ 9,362	\$ -	\$ -	\$ -	\$ 9,362		
Copy Machine	280,037	-	-	-	280,037		
	289,399	-	-	-	289,399		
<b>Less: Accumulated Amortization</b>							
Equipment	-	(2,740)	-	-	(2,740)		
Copy Machine	-	(74,676)	-	-	(74,676)		
	-	(77,416)	-	-	(77,416)		
<b>Total Lease Assets, net</b>	\$ 289,399	\$ (77,416)	\$ -	\$ -	\$ 211,983		
<b>Lease Liabilities</b>	\$ 289,399	\$ -	\$ -	\$ (74,217)	\$ 215,182	\$ 76,080	
<b>Maturity Analysis</b>	Principal	Interest	Total Payments				
2023	\$ 76,080	\$ 6,661	\$ 82,741				
2024	78,932	3,809	82,741				
2025	60,170	925	61,095				
Total Future Payments	\$ 215,182	\$ 11,395	\$ 226,577				

## Note 10 - Jointly Governed Organizations

The School District is one of six-member school districts of the Mon Valley Career & Technology Center (Technology Center). The Technology Center is controlled and governed by the Joint Board, which is composed of one member from each school board of the member districts. Direct oversight of the Technology Center's operations is the responsibility of the Joint Committee. The School District's share of annual operating and capital costs for the Technology Center fluctuates based on the percentage enrollment in the school. The Mon Valley Career & Technology Center prepares financial statements, which have been separately audited. The audit report may be obtained by calling the business office of the School District.

## Note 11 – Contingent Liabilities and Events

The Charleroi Area School District participates in a number of state and federally assisted grant programs. The programs are subject to program compliance audits by the grantor agencies or their

representatives. The audits of some of these programs for and including the year ended June 30, 2022 have not yet been conducted. Accordingly, the School District’s compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures that may be disallowed by the granting agencies cannot be determined at this time although the School District expects such amounts to be immaterial.

The COVID-19 pandemic has continued to impact the School District. As a response to COVID-19, the Coronavirus Aid, Relief and Economics Security (CARES) Act, the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and the American Rescue Plan (ARP) Act were enacted by Congress to provide budgetary relief to governmental agencies. This funding is reflected in these and in future financial statements.

**Note 12 – Interfund Balances**

Individual fund interfund receivable and payable balances at June 30, 2022 were:

<u>Interfund Receivable</u>	<u>Amounts</u>	<u>Interfund Payable</u>	<u>Amounts</u>
General Fund	\$ 624,550	Cafeteria Fund	\$ 613,596
		Capital Projects	10,954
	<u>\$ 624,550</u>		<u>\$ 624,550</u>

The above amount due from the Cafeteria Fund represents principal payroll and benefits paid by the General Fund on the Cafeteria Fund’s behalf.

During the fiscal year ended June 30, 2022, the following fund level transfers were made:

<u>Transfer In (Revenue)</u>	<u>Amounts</u>	<u>Transfer Out (Expenditure)</u>	<u>Amounts</u>
Capital Projects Fund	\$ 12,500	General Fund	\$ 12,500
	<u>\$ 12,500</u>		<u>\$ 12,500</u>

**Note 13 – Health Insurance Consortium Trust**

On May 24, 2018, effective July 1, 2018, Charleroi Area School District joined the Allegheny County Schools Health Insurance Consortium. As part of the agreement, the District agreed to pay the Consortium a buy-in fee of \$470,764 in seven equal installments. The District made the initial payment during the June 30, 2019 fiscal year. This buy-in has been recognized as prepaid insurance and a long-term liability on the government-wide financial statements. On the fund level statements, the District recognizes each payment as insurance expense as the payments are made. Below is a schedule of the remaining payments as agreed upon by the District and the Allegheny County Schools Health Insurance Consortium:

June 30, 2023	\$ 67,252
June 30, 2024	67,252
June 30, 2025	<u>67,252</u>
	<u>\$ 201,756</u>

### Note 14 - Risk Management

The School District is exposed to various risks of loss related to certain torts, thefts, damages, catastrophic loss of assets, errors and omissions, injury to employees and natural disasters. Charleroi Area School District manages most of its risk through the general fund with the purchase of commercial insurance coverage. Settled claims have not exceeded coverage in any of the past three years, and there has been no significant reduction in coverage from the prior fiscal year.

The District estimates that the amount of actual or potential claims against the District as of June 30, 2022 will not materially affect the financial condition of the District and will be covered under the present insurance coverage.

### Note 15 – Health Insurance Consortium

The School District is one of seventy-one members of the Allegheny County Schools Health Insurance Consortium (Consortium). The Consortium was formed in 1987 in order to provide health benefits to participating school entities. The School District pays premiums to the Consortium based upon rates established by the trustees of the Consortium. These rates are established with the objective of satisfying current costs and claims of covered health care services, as well as providing a residual sufficient to satisfy work capital requirements and promote premium stabilization for periods when actual costs of coverage exceed premiums collected from members. In addition, the Consortium maintains a percentage of its net assets to cover potential future catastrophic losses. The Consortium or the School District does not maintain independent insurance coverage for catastrophic losses.

At June 30, 2022, such net residual net assets (deficit) were \$51,449,149 for the Consortium as a whole, of which a share of the residual net assets of \$319,953 was attributable to the School District. The agreement permits members to withdraw from the Consortium under specified terms. Participating entities that withdraw are entitled to receive a pro rate share of the allocable net assets as reduced by any amount billed and payable to the Consortium as well as any remaining buy-in amounts. Participating entities must reimburse the Consortium for their pro rate share of any deficiency in net assets. In such event, the withdrawing member is entitled to or responsible for a proportionate share of the Consortium’s net assets or deficit as determined on the date of withdrawal.

Audited financial statements for the consortium through the fiscal year ended June 30, 2022 are available by calling the School District business office.

### **Note 16– Beginning Balance Restatement**

An adjustment of the beginning fund balance of the School District's government wide net position in the amount of \$180,267 was made to record the balance of an extended term financing agreement payable that was not included in the prior year.

## Required Supplementary Information

CHARLEROI AREA SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
District's Proportion of the Net Pension Liability	0.0728%	0.0743%	0.0736%	0.0746%	0.0720%	0.0733%	0.0740%	0.0714%	0.0682%
District's Proportionate Share of the Net Pension Liability	\$ 29,889,000	\$ 36,585,000	\$ 34,432,000	\$ 35,817,000	\$ 35,573,000	\$ 36,325,000	\$ 32,054,000	\$ 28,260,000	\$ 27,918,000
District's Covered-employee Payroll	\$ 10,328,343	\$ 10,469,679	\$ 10,143,723	\$ 10,049,840	\$ 9,582,862	\$ 9,496,452	\$ 9,517,839	\$ 9,117,345	\$ 8,754,077
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-employee Payroll	289.39%	349.44%	339.44%	356.39%	371.21%	382.51%	336.78%	309.96%	318.91%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%	54.49%

CHARLEROI AREA SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>
District's Proportion of the Net OPEB Liability	0.0729%	0.0743%	0.0736%	0.0746%	0.0720%	0.0733%
District's Proportionate Share of the Net OPEB Liability	\$ 1,727,000	\$ 1,612,000	\$ 1,565,000	\$ 1,555,000	\$ 1,468,000	\$ 1,579,000
District's Covered-employee Payroll	\$ 10,328,343	\$ 10,469,679	\$ 10,143,723	\$ 10,049,840	\$ 9,582,862	\$ 9,496,452
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-employee Payroll	16.72%	15.40%	15.43%	15.47%	15.32%	16.63%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	5.30%	5.69%	5.56%	5.56%	5.73%	5.47%

# Supplementary Information

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*

Charleroi Area School District  
Charleroi, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Charleroi Area School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Charleroi Area School District's basic financial statements, and have issued our report thereon dated January 11, 2023.

**Internal Control over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

CYPHER & CYPHER

*Cypher & Cypher*

CERTIFIED PUBLIC ACCOUNTANTS

Canonsburg, Pennsylvania  
January 11, 2023

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

Charleroi Area School District  
Charleroi, Pennsylvania

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

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

We have audited Charleroi Area School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Charleroi Area School District's major federal programs for the year ended June 30, 2022. Charleroi Area School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Charleroi Area School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

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

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

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

***Responsibilities of Management for Compliance***

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

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

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

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

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

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

### **Report on Internal Control over Compliance**

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

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

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

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

CYPHER & CYPHER

*Cypher & Cypher*

CERTIFIED PUBLIC ACCOUNTANTS

Canonsburg, Pennsylvania  
January 11, 2023

**CHARLEROI AREA SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2022**

**Section 1 – Summary of Auditor’s Results**

<b>Financial Statements:</b>		
i.	Type of auditor’s report issued:	Unmodified
ii.	Internal control over financial reporting:	
	Material weakness(es) identified?	No
	Significant deficiencies identified?	No
iii.	Noncompliance material to financial statements noted?	No

<b>Federal Awards:</b>		
iv.	Internal control over major programs:	
	Material weakness(es) identified?	No
	Significant deficiencies identified?	None reported
v.	Type of auditor’s report issued on compliance for major programs:	Unmodified
vi.	Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

vii.	Major programs:	
	CFDA Number(s):	Name of Federal Program or Cluster:
	84.425D 84.425U	Education Stabilization Fund including subprograms Elementary and Secondary School Emergency Relief (ESSER II), Elementary and Secondary School Emergency Relief (ARP ESSER III), and Cares Act – ARP ESSER 7%
	10.553 10.555 10.558 10.559 10.582	Child Nutrition Cluster
viii.	Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
ix.	Auditee qualify as low-risk auditee?	No

Section 2 – Findings Related to Financial Statements Required to Be Reported Under GAGAS

None.

Section 3 – Findings and Questioned Costs for Federal Awards

None.

Section 4 – Summary of Prior Year Findings

None.

CHARLEROI AREA SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022

Project Title Or Grant Name	Funding Source	Federal ALN #	Pass Through Grantor #	Program Years	Program Grant Award	Cash Received In 21/22	Accrued/Deferred Revenue 7/1/21	Revenues Recognized 21/22	Expenditures Recognized 21/22	Accrued/Deferred Revenue 6/30/22	Carryover To 22/23
<b>Title I, Part A Cluster</b>											
Department of Education											
Passed From Pennsylvania Department of Education											
Title I, Part A	I	84.010	013-20-0077 013-21-0077	20/21 21/22	\$ 477,061.00 649,233.00	\$ 26,977.26 636,048.00	\$ 26,977.26 -	\$ - 649,233.00	\$ - 649,233.00	\$ - 13,185.00	\$ - -
Total Title I, Part A Cluster					\$ 1,126,294.00	\$ 663,025.26	\$ 26,977.26	\$ 649,233.00	\$ 649,233.00	\$ 13,185.00	\$ -
<b>Special Education Cluster (IDEA)</b>											
Department of Education											
Passed From Intermediate Unit #1											
IDEA, Part B	I	84.027	062-20-0-001	21/22	\$ 371,418.00	\$ 371,418.00	\$ -	\$ 371,418.00	\$ 371,418.00	\$ -	\$ -
IDEA-B, Section 619	I	84.173	131-19-0	21/22	1,328.00	1,328.00	-	1,328.00	1,328.00	-	-
Total Special Education Cluster (IDEA)					\$ 372,746.00	\$ 372,746.00	\$ -	\$ 372,746.00	\$ 372,746.00	\$ -	\$ -
<b>Child Nutrition Cluster</b>											
Department of Agriculture											
Passed From Pennsylvania Department of Education											
SSO - BREAKFAST SEAMLESS SUMMER OPTION											
	I	10.553		21/22	198,112.11	198,112.11	-	198,112.11	198,112.11	-	-
Subtotal ALN #10.553					198,112.11	198,112.11	-	198,112.11	198,112.11	-	-
Passed From Pennsylvania Department of Agriculture											
Child Care Food Program											
	I	10.558		21/22	\$ 23,896.32	\$ 23,896.32	\$ -	\$ 23,896.32	\$ 23,896.32	\$ -	\$ -
CACFP Emergency Operating Costs	I	10.558		21/22	4,975.69	4,975.69	-	4,975.69	4,975.69	-	-
Subtotal ALN #10.558					28,872.01	28,872.01	-	28,872.01	28,872.01	-	-
Fresh Fruits & Vegetables	I	10.582		21/22	\$ 36,264.39	\$ 36,264.39	\$ -	\$ 36,264.39	\$ 36,264.39	\$ -	\$ -
Subtotal ALN #10.582					36,264.39	36,264.39	-	36,264.39	36,264.39	-	-
SUPPLY CHAIN ASSISTANCE FUNDING	I	10.555		21/22	\$ 29,578.19	\$ 29,578.19	\$ -	\$ -	\$ -	\$ (29,578.19)	\$ 29,578.19
SNP EMERGENCY OPERATING COSTS	I	10.555		21/22	18,135.41	18,135.41	-	18,135.41	18,135.41	-	-
SSO - LUNCH SEAMLESS SUMMER OPTION	I	10.555		21/22	644,423.03	644,423.03	-	644,423.03	644,423.03	-	-
National School Lunch - Donated Commodities	I	10.555		20/21 21/22	40,657.55 52,943.26	41,873.47 34,873.78	(12,535.95) -	12,535.95 39,804.19	12,535.95 39,804.19	- (13,139.07)	- 13,139.07
Subtotal ALN #10.555					785,737.44	745,079.89	(12,535.95)	714,898.58	714,898.58	(42,717.26)	42,717.26
Passed From Pennsylvania Department of Education											
COVID-19 Summer Food Program											
	I	10.559		20/21 21/22	\$ 743,236.35 37,323.93	\$ 41,873.47 34,873.78	\$ 41,873.47 -	\$ - 37,323.93	\$ - 37,323.93	\$ - 2,450.15	\$ - -
Subtotal ALN #10.559					780,560.28	76,747.25	41,873.47	37,323.93	37,323.93	2,450.15	-
Total Child Nutrition Cluster					\$ 1,829,546.23	\$ 1,085,075.65	\$ 29,337.52	\$ 1,015,471.02	\$ 1,015,471.02	\$ (40,267.11)	\$ 42,717.26
P-EBT LOCAL ADMINISTRATION FUNDS	I	10.649		21/22	\$ 614.00	\$ 614.00	-	614.00	614.00	-	-
Subtotal ALN #10.649					614.00	614.00	-	614.00	614.00	-	-

CHARLEROI AREA SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2022

Department of Education

Passed From Pennsylvania Department of Education

COVID-19 School Health & Safety Program"987"	i	21.019	2020-CS-01-33808	20/21	\$ 180,916.00	\$ -	\$ (4,052.65)	\$ 4,052.65	\$ 4,052.65	\$ -	\$ -
COVID-19 SECIM	i	84.027	252-20-0077	19/20	\$ 9,956.00	\$ -	\$ (9,956.00)	\$ 9,956.00	\$ 9,956.00	\$ -	\$ -
Passed From Lancaster-Lebanon Intermediate Unit 13 State Systemic Improvement Plan Grant "520"	i	84.027	062-22-33	21/22	210,000.00	-	-	50,000.00	50,000.00	50,000.00	160,000.00
Subtotal ALN #84.027					<u>\$ 219,956.00</u>	<u>\$ -</u>	<u>\$ (9,956.00)</u>	<u>\$ 59,956.00</u>	<u>\$ 59,956.00</u>	<u>\$ 50,000.00</u>	<u>\$ 160,000.00</u>
Title II - Improving Teacher Quality	i	84.367	020-20-0077	19/20	\$ 70,746.00	\$ 4,714.09	\$ 4,714.09	\$ -	\$ -	\$ -	\$ -
			020-21-0077	20/21	55,974.00	-	(1,912.00)	1,912.00	1,912.00	-	-
			020-21-0077	21/22	78,527.00	77,190.00	-	78,527.00	78,527.00	1,337.00	-
Subtotal ALN #84.367					<u>\$ 205,247.00</u>	<u>\$ 81,904.09</u>	<u>\$ 2,802.09</u>	<u>\$ 80,439.00</u>	<u>\$ 80,439.00</u>	<u>\$ 1,337.00</u>	<u>\$ -</u>
Title IV - Student Support and Academic Enrichment	i	84.424	144-200077	20/21	\$ 38,669.00	\$ 10,311.77	\$ 7,943.71	\$ 2,368.06	\$ 2,368.06	\$ -	\$ -
			144-210077	21/22	35,876.00	35,854.00	-	35,876.00	35,876.00	22.00	-
Subtotal ALN #84.424					<u>\$ 74,545.00</u>	<u>\$ 46,165.77</u>	<u>\$ 7,943.71</u>	<u>\$ 38,244.06</u>	<u>\$ 38,244.06</u>	<u>\$ 22.00</u>	<u>\$ -</u>
CARES Act - ESSER Fund Local	i	84.425D	200-210077	20/21	\$ 1,761,639.00	\$ 1,024,208.75	\$ 431,727.65	\$ 1,329,911.35	\$ 1,329,911.35	\$ 737,430.25	\$ -
ARP ESSER III "990"	i	84.425U	223-210077	21/22	3,563,286.00	259,148.08	-	399,787.40	399,787.40	140,639.32	3,163,498.60
ARP ESSER 7% - LEARNING LOSS "994"	i	84.425U	225-210077	21/22	197,820.00	10,790.16	-	-	-	(10,790.16)	197,820.00
ARP ESSER 7% - SUMMER SCHOOL "995"	i	84.425U	225-210077	21/22	39,564.00	2,158.02	-	14,344.36	14,344.36	12,186.34	25,219.64
ARP ESSER 7% - AFTER SCHOOL "996"	i	84.425U	225-210077	21/22	39,564.00	2,158.08	-	-	-	(2,158.08)	39,564.00
Subtotal ALN #84.425					<u>\$ 5,601,873.00</u>	<u>\$ 1,298,463.09</u>	<u>\$ 431,727.65</u>	<u>\$ 1,744,043.11</u>	<u>\$ 1,744,043.11</u>	<u>\$ 877,307.67</u>	<u>\$ 3,426,102.24</u>
<b>Grand Total</b>					<u>\$ 9,611,737.23</u>	<u>\$ 3,547,993.86</u>	<u>\$ 484,779.58</u>	<u>\$ 3,964,798.84</u>	<u>\$ 3,964,798.84</u>	<u>\$ 901,584.56</u>	<u>\$ 3,628,819.50</u>

Footnotes:

- (a) Total amount of Commodities received from Dept of Agriculture
- (b) Beginning inventory at July 1
- (c) Total amount of Commodities Used
- (d) Ending Inventory at June 30

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

**CHARLEROI AREA SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**Note 1 – Basis of Presentation**

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

**Note 2 – Summary of Significant Accounting Policies**

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.
  
- (2) Pass-through entity identifying numbers are presented where available.

**Note 3 – Food Distribution**

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. At June 30, 2022, the District had food commodities totaling \$13,139 in inventory.

**Note 4 – Indirect Cost Rates**

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

