

**MILLVILLE AREA SCHOOL DISTRICT  
MILLVILLE, PENNSYLVANIA 17846**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**JUNE 30, 2024**

**(WITH INDEPENDENT SINGLE AUDIT REPORTS THEREON)**

**MILLVILLE AREA SCHOOL DISTRICT  
FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
(WITH INDEPENDENT SINGLE AUDIT REPORTS THEREON)**

**JUNE 30, 2024**

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**Millville Area School District**  
**Management's Discussion and Analysis (MD&A)**  
**Fiscal Year Ended June 30, 2024**  
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Our discussion and analysis of the Millville Area School District, "the District", and its financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2024. It should be read in conjunction with the District's financial statements.

**Financial Highlights:**

- ❖ The District saw its governmental activities net (deficit) balance improve by approx. \$761-thousand (\$790-thousand in prior-year) to a net deficit of approx. \$70-thousand, due to the combined impact of the excess of revenues relative to expenses at the general governmental fund-level operating activities and other Government-wide statement conversion add-backs (such as capitalizing fixed asset additions, applying debt payment to principal, etc) which were added to by Plan-level PSERS pension and other GASB Nos. 68 and 75 adjustments and depreciation. These changes and related adjustments are detailed in the Statement of Activities included in the accompanying financial statements.
- ❖ The District decreased its outstanding bonds and note obligations payable by approximately \$256-thousand, to a balance of approximately \$4.15-million as of June 30, 2024. The reduction reflects ordinary course payments (\$251-thousand) on the 2019 GOB and 2022 GON combined with accretion of issuance premiums (\$5-thousand). The District's activity in long-term debt is detailed in the following pages and the notes to the financial statements.
- ❖ The operations of the District's General Fund finished the year with approximately \$15.5-million of revenue (which was \$266-thousand (4.0%) favorable as compared to budget) and approx. \$14.0-million of expenditures (which was approx. \$898-thousand, or 6.0% favorable to budget). Further details are highlighted below and in the following pages.
- ❖ The District's General Fund ended the year with a fund balance of approximately \$6.7-million, an increase of approx. \$1.5-million, approx. 29.1%. The District commits portions of this balance for funding of post-retirement health care, compensated absences, increases to funding requirements of pension contributions, classroom technology and building improvement expenditure commitments, and future increases in costs associated with other matters as noted in the following discussion as well as the accompanying financial statements and corresponding footnotes.

**A Brief Guide to the Financial Statements:**

The financial statements of the District include presentation on two levels:

- Government-wide statements
- Governmental fund statements

**Government-wide Statements:**

These statements present the District's financial information in an aggregated format split into two types of activities:

- Governmental activities
- Business-type activities

Most of the activities of the District are reported as governmental activities. The operations of the District's Food Service Fund, whose operations involve primarily the serving of meals to students during the school day, is the District's only business-type activity.

The presentation provided in these government-wide statements is primarily focused on presenting the financial position of the District and the change in financial position as a result of the activities that occurred during the fiscal year. The significant differences in these statements as compared to governmental fund statements are:

- Government-wide statements include fixed assets for governmental activities—government fund statements do not.
- Government-wide statements include long-term debt and other long-term obligations for governmental activities—government fund statements do not.
- Government-wide statements are prepared utilizing the accrual basis of accounting—government fund statements are generally prepared utilizing a modified accrual basis of accounting. This results in differences in the timing of the recognition of certain revenues.
- Government-wide statements present in a format to highlight Net Position. Government fund statements deal with Fund Balance. Net Position is a much broader financial measurement.

For a more detailed explanation of these financial statements, please review the notes to the financial statements.

**Government Fund Statements:**

This format is concerned primarily with the presentation of "the flow of funds" rather than with measuring financial position. This is the presentation format which is utilized for preparation of budgets and is presented on a more disaggregated format than the government-wide statements.

This format, as with the government-wide statements, presents information by firstly grouping funds by type. In the case of governmental funds, the types are:

- Governmental funds
- Proprietary funds

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These statements are presented by type and then utilizing criteria to identify “major funds” presenting information on a segregated basis for each of the major funds and then aggregating the information for all other funds within the fund type.

The District has the following “major funds” for government fund statement presentation:

- Governmental funds
  - General fund
  - Capital Reserve
  - Capital Projects
  - Scholarship fund and Student activities funds
    - (moved from Fiduciary funds in prior year (GASB 84))
- Proprietary funds
  - Food service fund (The District's only proprietary fund).

For more information regarding the presentation of fund financial statements, please review the notes to the financial statements.

**Condensed Government-wide Financial Statements:**

**Condensed Statement of Net Position as of June 30, 2024:**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets &amp; Deferred Outflows of Resources:</b>			
Current and other assets	\$ 11,976,593	\$ 100,724	\$ 12,077,317
Capital assets	\$ 11,966,716	\$ -	\$ 11,966,716
Deferred outflows	\$ 3,090,708	\$ -	\$ 3,090,708
Total assets & deferred outflows	<u>\$ 27,034,017</u>	<u>\$ 100,724</u>	<u>\$ 27,134,741</u>
<b>Liabilities and Deferred Inflows of Resources:</b>			
Current liabilities	\$ 2,115,944	\$ 23,312	\$ 2,139,256
Long-term liabilities	\$ 23,408,516	\$ -	\$ 23,408,516
Deferred inflows	\$ 1,579,905	\$ -	\$ 1,579,905
Total liabilities & deferred inflows	<u>\$ 27,104,365</u>	<u>\$ 23,312</u>	<u>\$ 27,127,677</u>
<b>Net Position:</b>			
Invested in capital assets net of related debt	\$ 7,815,262	\$ -	\$ 7,815,262
Restricted for specific purposes	\$ 6,885,952	\$ -	\$ 6,885,952
Unrestricted	\$ (14,771,562)	\$ 77,412	\$ (14,694,150)
	<u>\$ (70,348)</u>	<u>\$ 77,412</u>	<u>\$ 7,064</u>
Total Liabilities, Deferred Inflows, & Net Position	<u>\$ 27,034,017</u>	<u>\$ 100,724</u>	<u>\$ 27,134,741</u>

**Comments regarding the condensed June 30, 2024 government-wide statements:  
Statement of Net Position:**

- Cash, cash equivalents and investments (current assets) are primarily held in accounts with Journey Bank (formerly First Columbia Bank & Trust) (repurchase agreements), the Pennsylvania School District Liquid Asset Fund (CDs and government investment pools), and RBC Capital Markets (US treasuries, strips and money market accounts).
- Taxes receivable (current assets) include delinquent real estate taxes along with current earned income tax collections, largely from the June 30, 2024 quarter, but also from prior quarters.
- Accrued salaries and benefits (current liabilities) consist primarily of the amounts due teachers for salaries and benefits earned in the 2023-24 school year that are paid over a twelve-month period beginning when the District's academic year begins in late August through the following August. These are the remaining amounts which will be paid in July and August, 2024 in addition to amounts due but not paid to retiring employees.
- Fixed assets (capital assets) are presented net of depreciation and include the District's facilities and equipment.
- The District has adopted Governmental Accounting Standards Board (GASB) Statement No. 68 *Accounting and Financial Reporting for Pensions* (as amended; GASB No. 68). Per GASB No. 68, the District reports its cost-sharing employer proportionate portion, approx. \$17.8-million, of the Pennsylvania School Employees' Retirement System (PSERS) Net Pension Liability in its Statement of Net Position. The District records its proportionate share of the PSERS system-wide Net Pension Liability, related Deferred Inflow and Outflow balances and adjustments to Pension expense to reflect the requirements of GASB No. 68. These adjustments, balances, and amounts are reflected in the government-wide financial statements only.
- The District also has adopted GASB No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB No. 75) as of July 1, 2017. Per GASB No. 75, the District accounts for its offering of covered benefits under the State-level (PSERS premium assistance, a proportionate share of the statewide plan similar to the PSERS pension, as above) and a District-level other postemployment benefit (OPEB) plans. The year-end balances of the plans were approximately \$725-thousand and \$719-thousand for the PSERS-State-level plan and the District-level plan, respectively. As with GASB 68, GASB No. 75 also has no reporting effect on the governmental fund financial statements.

The notes to the financial statements provide additional detail on these and other items included in the Statement of Net Position.

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**Condensed Statement of Activities Year Ended June 30, 2024:**

Net (Expense) Revenue and						
		Program Revenues		Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating and Capital	Governmental Activities	Business-type Activities	Total
			Grants and Contributions			
Governmental activities:						
Instruction	\$ 9,744,121	\$ 43,704	\$ 2,919,101	\$ (6,781,316)		\$ (6,781,316)
Instructional Student Support	1,002,730	-	97,236	(905,494)		(905,494)
Admin. & Financial Support Services	1,401,866	-	107,082	(1,294,784)		(1,294,784)
Operation & Maintenance of Facilities	1,405,870	522	61,542	(1,343,806)		(1,343,806)
Pupil Transportation	781,125	-	528,397	(252,728)		(252,728)
Student Activities	368,186	-	131,597	(236,589)		(236,589)
Community Services	19,308	-	-	(19,308)		(19,308)
Interest on Long-Term debt	136,750	-	-	(136,750)		(136,750)
Total Governmental Activities	14,859,956	44,226	3,844,955	(10,970,775)		(10,970,775)
Business-type activities:						
Food Service	487,667	98,250	406,299		16,882	16,882
Total Primary Government	\$ 15,347,623	\$ 142,476	\$ 4,251,254	\$ (10,970,775)	\$ 16,882	\$ (10,953,893)
General revenues:						
Taxes:						
Property taxes, levied for general purposes,net				4,598,519	-	4,598,519
Taxes levied for specific purposes				1,716,208	-	1,716,208
Grants, subsidies, & contributions not restricted				5,012,839	-	5,012,839
Investment Earnings				382,171	-	382,171
Miscellaneous Income				22,090	-	22,090
Total general revenues, special items, extraordinary items and transfers				11,731,827	-	11,731,827
Change in Net Assets				761,052	16,882	777,934
Net Assets—beginning (as restated (GASB 84))				(831,400)	59,855	(771,545)
Net Assets—ending				\$ (70,348)	\$ 76,737	\$ 6,389

**Statement of Activities:**

- Governmental activities (program revenues) operating grants include various subsidies such as \$596-thousand of state funds for special education, \$282-thousand of federal Title I funds to support reading remediation and other program enhancement efforts, \$526-thousand of state subsidy to support student transportation, and \$1.2-million of combined state subsidies for retirement and social security costs.
- Program revenues, likewise, include approximately \$592-thousand of federal COVID-related funding relative to pandemic-related measures (as compared to \$462-thousand and \$882-thousand in the two most recent prior-years).
- General revenues include \$4.4-million of real estate taxes, \$1.6-million of earned income taxes, and a Basic Education Subsidy funding from the state of \$4.6-million. The Commonwealth also provided tax abatement assistance in the form of \$358-thousand of homestead/farmstead tax relief for real estate taxpayers.



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**The condensed Governmental Activities Statement of Net Position at June 30, 2024 as compared to June 30, 2023, including the change in the elements of net position:**

	<b>Governmental Activities</b>		
	<b>June 30,</b>		<b>Inc. (Dec.)</b>
	<b>2024</b>	<b>2023</b>	<b>in Net Position</b>
<b>Assets:</b>			
Current assets:			
Cash, cash equivalents and investments	\$ 8,632,936	\$ 7,848,293	\$ 784,643
Taxes receivable-net	609,774	631,483	(21,709)
Other current assets	2,733,883	2,526,245	207,638
Total current assets	11,976,593	11,006,021	970,572
Fixed assets-net	11,966,716	13,049,869	(1,083,153)
Other non-current assets	-	-	-
Total assets	<u>\$ 23,943,309</u>	<u>\$ 24,055,890</u>	(112,581)
<b>Deferred Outflows:</b>	3,090,708	3,208,396	(117,688)
Total assets & deferred outflows	<u>\$ 27,034,017</u>	<u>\$ 27,264,286</u>	(230,269)
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	\$ 256,194	\$ 759,331	503,137
Accrued salaries and benefits	1,561,980	1,246,687	(315,293)
Current portion of long-term debt	258,200	190,000	(68,200)
Other current liabilities	39,570	(29,817)	(69,387)
Total current liabilities	2,115,944	2,166,201	50,257
Bonds payable-net of current portion	2,872,554	3,072,958	200,404
Notes payable-net of current portion	1,020,700	1,145,000	124,300
Net pension liability	17,839,000	18,228,000	389,000
OPEB liabilities	1,443,690	1,571,080	127,390
Other non-current liabilities	232,572	253,463	20,891
Total liabilities	25,524,460	26,436,702	912,242
<b>Deferred Inflows:</b>	1,579,905	1,658,984	(79,079)
<b>Net Position (Deficit):</b>			
Invested in capital assets-net of related debt	7,815,262	8,641,911	(826,649)
Restricted & unrestricted	(7,885,610)	(9,473,311)	1,587,701
Total Net Position	<u>(70,348)</u>	<u>(831,400)</u>	<u>\$ 761,052</u>
Total Liabilities, Deferred Inflows, & Net Position	<u>\$ 27,034,017</u>	<u>\$ 27,264,286</u>	

**Comments on the changes in the Governmental Activities Statement of Net Position:**

- The \$784-thousand increase in cash and investments results from the combination of the net operations performance of the General Fund and the relative timing of payments made to vendors, employees, and others and payments received from tax collections, other governments, and others also contributed to the increase.
- Fixed assets-net decreased by \$1.1-million as net additions to fixed assets, of approximately \$87-thousand were exceeded by the governmental activities' depreciation expense of approximately \$1.2-million.
- The approximately \$256-thousand decrease in long term debt payable reflects the continued ordinary course pay-down of the District's legacy debt (by \$190-thousand) as well as the prior-year issued General Obligation Notes Series of 2022 (by \$61-thousand).
- The \$315-thousand (approximate) increase in accrued salaries and benefits reflects the the increase in underlying compensation and benefits costs as combined with the relative timing of payments as compared to prior-year.
- Other current liabilities, as presented in the previous page, reflect primarily a net internal/interfund receivable balance, primarily resulting from activity with the District's cafeteria fund, representing the District's only Business-type activity.
- The District's net pension liability decreased by approximately \$389-thousand, (whereas the two most recent prior-years showed an increase of \$697-thousand and decrease by approximately \$3.6-million, respectively). This variability results from actuarial and other valuation work relative to the state-wide PSERS pension system (including changes in assumptions), the valuation and performance of PSERS' pension funding investments, and changes in the District's relative, proportionate share of the PSERS system, state-wide pension liability.
- The District's stand-alone and PSERS OPEB Plan obligations decreased by \$127-thousand. In each case, the decreases were primarily reflective of changes in actuarial and other assumptions, including industry-discount interest rates used in present-valuing the Plans' liabilities, and other performance components of the respective Plans outside of the District's direct control.

Additional information regarding these matters can be found in the accompanying financial statements and notes.

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**The condensed Business-type Activities Statement of Net Position June 30, 2024 as compared to June 30, 2023 including the change in the elements of net position:**

	<b>Business-type Activities</b>		
	<b>June 30, 2024</b>	<b>2023</b>	<b>Inc. (Dec.) in Net Position</b>
<b>Assets:</b>			
Current assets:			
Cash, cash equivalents and investments	\$ 96,359	\$ 192,033	\$ (95,674)
Other current assets	4,365	6,290	(1,925)
Total current assets	100,724	198,323	(97,599)
Fixed assets-net	-	-	-
Total assets	<u>\$ 100,724</u>	<u>\$ 198,323</u>	<u>(97,599)</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	\$ 4,818	\$ 32,481	27,663
Accrued salaries and benefits	-	-	-
Other current liabilities	18,494	105,987	87,493
Total current liabilities	23,312	138,468	115,156
Other non-current liabilities	-	-	-
Total liabilities	23,312	138,468	115,156
Change in net assets			<u>\$ 17,557</u>
<b>Net Position (Deficit):</b>			
Invested in capital assets-net of related debt	-	-	-
Restricted & unrestricted	77,412	59,855	17,557
Total Net Position	77,412	59,855	<u>\$ 17,557</u>
Total Liabilities and Net Position	<u>\$ 100,724</u>	<u>\$ 198,323</u>	

**Comments on the changes in Business-type (Food Service) activities Statement of Net Assets:**

- Food Service program results of operations and led to the \$18-thousand increase in Net Position. The change from the prior year is reflective of continued increased volume of operations as in-person instruction and in-person breakfast and lunch returned to more routine, pre-Pandemic levels. The increase reflects increased revenue and expenditure reflecting District and food service efforts to improve service operations and quality.

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**A Condensed Comparative Statement of Activities for the fiscal year ended June 30, 2024, as compared to the fiscal year ended June 30, 2023:**

Functions/Programs	Net (Expense) for Fiscal year ended June 30,		Favorable (Unfavorable)	
	2024	2023	\$ Change	% Change
<b>Expenses-</b>				
<b>Governmental activities:</b>				
Instruction	\$ 9,744,121	\$ 8,913,880	\$ (830,241)	-9.3%
Instructional Student Support	1,002,730	1,267,546	264,816	20.9%
Admin. & Financial Support Services	1,401,866	1,383,931	(17,935)	-1.3%
Operation & Maintenance of Facilities	1,405,870	1,352,779	(53,091)	-3.9%
Pupil Transportation	781,125	799,640	18,515	2.3%
Student Activities	368,186	346,456	(21,730)	-6.3%
Community Services	19,308	19,736	428	2.2%
Interest on Long-Term debt	136,750	138,383	1,633	1.2%
<b>Total Governmental Activities</b>	<b>14,859,956</b>	<b>14,222,351</b>	<b>(637,605)</b>	<b>-4.5%</b>
<b>Business-type activities:</b>				
Food Service	487,667	348,036	\$ (139,631)	-40.1%
<b>Total Expense</b>	<b>15,347,623</b>	<b>14,570,387</b>	<b>(777,236)</b>	<b>-5.3%</b>
<b>Program Revenues &amp; Charges for Services-</b>				
<b>Governmental activities:</b>				
Instruction	\$ 2,962,805	\$ 2,914,654	\$ 48,151	1.7%
Instructional Student Support	97,236	117,511	(20,275)	-17.3%
Admin. & Financial Support Services	107,082	118,256	(11,174)	-9.4%
Operation & Maintenance of Facilities	62,064	67,963	(5,899)	-8.7%
Pupil Transportation	528,397	417,214	111,183	26.6%
Student Activities	131,597	109,747	21,850	19.9%
Interest on Long-Term debt	-	6,992	(6,992)	0.0%
<b>Total Governmental Activities</b>	<b>3,889,181</b>	<b>3,752,337</b>	<b>136,844</b>	<b>3.6%</b>
<b>Business-type activities:</b>				
Food Service	504,549	406,571	97,978	24.1%
<b>Total Program Revenues &amp; Charges for Services</b>	<b>4,393,730</b>	<b>4,158,908</b>	<b>234,822</b>	<b>5.6%</b>
<b>General revenues:</b>				
<b>Taxes:</b>				
Property taxes, levied for general purposes, net	4,598,519	4,434,166	164,353	3.7%
Taxes levied for specific purposes	1,716,208	1,733,367	(17,159)	-1.0%
Grants, subsidies, & contributions not restricted	5,012,839	4,858,112	154,727	3.2%
Investment Earnings-governmental activities	382,171	212,858	169,313	
Miscellaneous Income	22,090	21,865	225	1.0%
<b>Total General Revenues</b>	<b>11,731,827</b>	<b>11,260,368</b>	<b>471,459</b>	<b>4.2%</b>
<b>Change in Net Position</b>	<b>\$ 777,934</b>	<b>\$ 848,889</b>	<b>\$ (70,955)</b>	

Unaudited - Supplementary Information  
See accompanying Independent Auditor's Report

**Comments on changes in the Condensed Statement of Activities between fiscal years:**

- The overall increase in instructional cost as compared to prior year is related to a combination of factors: unfavorable adjustments to Pension-related costs (approximately \$170-thousand), as determined at the PSERS-system-wide level, largely related to system-wide investment performance and changes in actual Plan performance as compared to expectations, for which the system-wide expense reflects the District's proportionate share.
- Instruction costs were also increased by \$210-thousand as compared to prior year relative to the current year special assessment for Vocational Education services provided by CMVT (cost of District students' attendance) relative to the ongoing capital improvement project.
- Consistent depreciation expense combined with increased add-backs for capitalization of current year additions, as compared to prior year, mitigated a portion of the overall increase.
- The aforementioned cost increases were further varied by contractual salary increases and corresponding higher expenditures for retirement benefits, as required under the collective bargaining unit agreements with the District's educational professionals (teachers) and support staff. Cost-containment measures included reduced levels of operating and classroom supplies and as well as professional instruction employee headcount decreases and favorable relative composition of the headcount following retirements and other forms of attrition.
- Increased costs for the operation and maintenance of facilities were associated with the performance of planned maintenance activities, as well as continued maintenance and related activities associated with Pandemic response (such as air quality equipment purchases and installation) and other capital improvement projects. The expensing of these capital improvements is over a period of 15-20 years in the Statement of Activities as compared to current expensing as incurred in the General Fund (in prior-years) whereas the Statement of Activities reflects current year expense in the form of depreciation). Further, similar to instruction costs above, maintenance costs per the statement of activities reflect increased level of pension and OPEB-related costs due to system-wide adjustments.
- The increase in instruction-related revenues has to do with the combination of increased revenues for reimbursed portions of retirement and social security in the form of state reimbursement as well as increased revenue recognized under Federal COVID-19-response-related grant funded programs.
- Property tax revenue increased from the prior year due to the combined impact of increases in millage and related increased assessments due to property improvements.
- Interest income increased as compared to prior-year relative to increase market interest rates on the District's deposits.

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**The General Fund Budget vs. Actual for the June 30, 2024 Fiscal Year:**

	Budgeted Amounts			Variance With Final Budget
	Original	Final	Actual	Positive (Negative)
REVENUES				
Local Sources	\$ 6,608,827	\$ 6,608,827	\$ 6,891,664	\$ 282,837
State Sources	7,423,480	7,423,480	7,589,254	165,774
Federal Sources	830,394	830,394	980,102	149,708
Total Revenues	14,862,701	14,862,701	15,461,020	598,319
EXPENDITURES				
Regular education programs	5,618,887	5,618,887	5,535,282	83,605
Special education programs	2,158,395	2,158,395	2,285,259	(126,864)
Vocational education programs	931,303	931,303	792,080	139,223
Other instructional programs	39,366	39,366	39,190	176
Pupil personnel support services	728,864	728,864	520,263	208,601
Instructional staff support services	486,975	486,975	431,694	55,281
Administrative services	1,040,774	1,040,774	968,403	72,371
Pupil health services	139,299	139,299	138,447	852
Business services	458,047	458,047	430,911	27,136
Operation & maintenance of facilities	1,697,567	1,697,567	1,322,351	375,216
Student transportation services	800,000	800,000	782,080	17,920
Central & other support services	37,167	37,167	37,118	49
Student activities	322,758	322,758	274,789	47,969
Community services	8,191	8,191	11,408	(3,217)
Capital outlay	-	-	-	-
Debt Service (Principal & Interest)	395,108	395,108	395,084	24
Total Expenditures	14,862,701	14,862,701	13,964,359	898,342
Excess (Deficiency) of Revenues Over Expenditures	-	-	1,496,661	1,496,661
OTHER FINANCING SOURCES (USES)				
Transfers (Out)	-	-	-	-
Insurance Recoveries	-	-	4,914	4,914
Net Change in Fund Balances	-	-	1,501,575	
Fund Balance - Beginning of Year	3,918,958	3,918,958	5,165,280	
Fund Balance - End of Year	\$ 3,918,958	\$ 3,918,958	\$ 6,666,855	

**Comments on actual results as compared to budget:**

- Local Revenues reflected an approximately \$598-thousand favorable budget variance due to earned income tax (\$175-thousand) and interest (\$160-thousand) revenues exceeding budgetary estimates which were formulated in expectation of a greater than realized pandemic-related financial impact.
- The total State Revenues were lower than, but relatively consistent with, prior-year and with budget. Federal revenues, however, were greater than expected as of the adopted budget (and correspond to related expected increases in pandemic-response-related costs) as pertains to CARES and related COVID-relief funding grants. As with recent periods, these grants were expected to be subject to

**Millville Area School District**  
**Management's Discussion and Analysis (MD&A)**  
**Fiscal Year Ended June 30, 2024**  
**(UNAUDITED)**

**MD & A Page 12 of 13**

expected timing variability due to implementation timing and, in some cases, supply chain, staffing, and other related delays.

- Significant favorable budget variances for expenditures, overall \$898-thousand (adding to \$968-thousand in prior-year) include favorable (lower-than-budget) compensation due to the combination of relative staffing levels and staffing rate mixes.

**Long-term debt activity in the fiscal year ended June 30, 2024:**

Description	Balance June 30, 2023	Additional Borrowings	Repayments/ Reductions	Balance June 30, 2024
<b>Governmental activities:</b>				
General Obligation Bonds, Series of 2019	\$ 3,190,000	\$ -	\$ 190,000	\$ 3,000,000
General Obligation Notes, Series of 2022	1,145,000	-	61,100	1,083,900
Less-Deferred amounts-				
For issuance premiums	72,958	-	5,404	67,554
Total bonds/notes payable	4,407,958	-	256,504	4,151,454
Compensated Absences-Governmental activities	253,463	7,805	28,696	232,572
Governmental activities long-term debt	<u>\$ 4,661,421</u>	<u>\$ 7,805</u>	<u>\$ 285,200</u>	<u>\$ 4,384,026</u>

See the notes to the financial statements for details of the existing debt.

**Capital asset activity summary as of and for the fiscal year ended June 30, 2024:**

**Governmental Activities Fixed Assets:**

Description	Cost June 30, 2023	Fiscal Year-ended June 30, 2024		Cost June 30, 2024	Depreciation Expense For Year-ended June 30, 2024	Accumulated Depreciation June 30, 2024	Net Asset June 30, 2024
		Additions	Retirements/ Transfers				
Land	\$ 370,179	\$ -	\$ -	\$ 370,179	\$ -	\$ -	\$ 370,179
Land improvements	1,150,329	-	-	1,150,329	16,566	1,002,888	147,441
Buildings & improvements	31,273,524	-	-	31,273,524	957,980	20,279,384	10,994,140
Machinery & equipment	6,318,305	87,181	-	6,405,486	186,839	5,976,800	428,686
Vehicles	168,572	-	-	168,572	8,949	142,302	26,270
	<u>\$ 39,280,909</u>	<u>\$ 87,181</u>	<u>\$ -</u>	<u>\$ 39,368,090</u>	<u>\$ 1,170,334</u>	<u>\$ 27,401,374</u>	<u>\$ 11,966,716</u>

**Food Service Fixed Assets:**

Description	Cost June 30, 2023	Fiscal Year-ended June 30, 2024		Cost June 30, 2024	Depreciation Expense For Year-ended June 30, 2024	Accumulated Depreciation June 30, 2024	Net Asset June 30, 2024
		Additions	Retirements/ Transfers				
Machinery & equipment	\$ 397,615	\$ -	\$ -	\$ 397,615	\$ -	\$ 397,615	\$ -
	<u>\$ 397,615</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 397,615</u>	<u>\$ -</u>	<u>\$ 397,615</u>	<u>\$ -</u>

See the notes to the financial statements for details of the capital asset accounts.

**Potential/Future Issues:**

- The Pennsylvania School Employee Retirement Board, a multi-employer pension plan covering substantially all of the District's employees, has projected significant increases to employer and state contribution rates based on actuarial calculations as provided by state law. There is uncertainty as to the extent and resolution of this shortfall but it has the potential of a significant negative impact on the District in the form of increases in required employer contributions in future years.
- The combined impact of economic uncertainty, anticipated increases to retirement funding obligations, and cost increases associated with labor and related benefits and associated costs and operational considerations, including inflation, poses a challenge to both the District and Commonwealth to fund operations.
- The Commonwealth has imposed restrictions and limitations on the ability of school districts to raise revenue via future tax increases while labor related and other operating costs rise beyond the ability to accommodate with revenue enhancements. The School District will be required to consider operational changes and pursue operational efficiencies
- During March 2020, the pandemic outbreak of the COVID-19 strain of coronavirus resulted in the declaration of national and Commonwealth of Pennsylvania states of emergency. The District continues to explore and has identified certain operational adaptations to allow for the continued delivery of educational and other services. Additionally, the District and most, if not all, other School Districts in the Commonwealth have received appropriations of significant federal and state grant funding in support of pandemic mitigation, re-opening, and operating efforts. Certain current year expenditures of those grant amounts, generally identified with "COVID-19" in the grant descriptions and identifier information, and other related information are summarized per Supplementary Information accompanying these financial statements and notes. The District's fiscal year ending June 30, 2025 is the last year in which the District expects any significant realization or recognition relative to COVID-19-related amounts pertaining to the aforementioned federal and state grant funding streams.
- The District plans to borrow \$1.5-million combined with \$1-million of capital reserve funding to renovate HVAC and other facilities operations systems beginning in FY2024-2025. The borrowing is expected to close in the final fiscal quarter of FY2024-2025 or in early FY2025-2026.



# **Richard B. Snodgrass & Co.**

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Millville Area School District  
330 East Main Street  
Millville, Pennsylvania 17846

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

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

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

### ***Basis for Opinion***

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

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

The District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

### ***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 of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 GAAS and GAS 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 substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based upon the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

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

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) information on pages MD&A 1 through 13 and the *schedule of the District's proportionate share of the net pension liability* on page RSI-1, the *schedule of the District's contributions to pensions* on page RSI-2, the *schedules of changes in the District's total OPEB liability and related ratios* on page RSI-3, the *schedule of the District's proportionate share of the net OPEB liability* on page RSI-4, and the *schedule of the District's OPEB contributions* on page RSI-5, be presented to supplement the basic financial statements. Such information, though not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of the 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.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal (and state) 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* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the District's basic financial statements.

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

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

In accordance with *Government Auditing Standards* we have also issued our report dated March 31, 2025 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Richard B. Snodgrass & Co.  
Montoursville, Pennsylvania  
March 31, 2025

**Millville Area School District  
Statement of Net Position**

**June 30, 2024**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets and Deferred Outflows of Resources:</b>			
<b>Assets:</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 8,632,936	\$ 96,359	\$ 8,729,295
Taxes receivable-net	609,774	-	609,774
Due from other governments	2,581,588	-	2,581,588
Other receivables	2,755	-	2,755
Inventories	-	4,365	4,365
Prepaid expenses	149,540	-	149,540
<b>Total current assets</b>	<b>11,976,593</b>	<b>100,724</b>	<b>12,077,317</b>
<b>Noncurrent assets:</b>			
<b>Capital assets:</b>			
Land and land improvements-net	517,620	-	517,620
Buildings and improvements-net	10,994,140	-	10,994,140
Furniture and equipment-net	454,956	-	454,956
<b>Total capital assets</b>	<b>11,966,716</b>	<b>-</b>	<b>11,966,716</b>
<b>Total Assets</b>	<b>23,943,309</b>	<b>100,724</b>	<b>24,044,033</b>
<b>Deferred Outflows of Resources:</b>			
Pension	2,671,117	-	2,671,117
Other postemployment benefits plans	419,591	-	419,591
<b>Total Deferred Outflows of Resources:</b>	<b>3,090,708</b>	<b>-</b>	<b>3,090,708</b>
<b>Total Assets and Deferred Outflows of Resources:</b>	<b>27,034,017</b>	<b>100,724</b>	<b>27,134,741</b>
<b>Liabilities, Deferred Inflows of Resources and Net Position:</b>			
<b>Liabilities:</b>			
<b>Current liabilities:</b>			
Accounts payable	256,194	4,818	261,012
Accrued salaries and benefits	1,561,980	-	1,561,980
Internal balances	(18,494)	18,494	-
Current portion of long-term debt	258,200	-	258,200
Unearned revenue	-	-	-
Other current liabilities	58,064	-	58,064
<b>Total current liabilities</b>	<b>2,115,944</b>	<b>23,312</b>	<b>2,139,256</b>
<b>Noncurrent liabilities:</b>			
Bonds payable-net of current portion	2,872,554	-	2,872,554
Notes payable-net of current portion	1,020,700	-	1,020,700
Long-term portion of compensated absences	232,572	-	232,572
OPEB - PSERS Plan	725,000	-	725,000
OPEB - District Plan	718,690	-	718,690
Net pension liability	17,839,000	-	17,839,000
<b>Total noncurrent liabilities</b>	<b>23,408,516</b>	<b>-</b>	<b>23,408,516</b>
<b>Total Liabilities</b>	<b>25,524,460</b>	<b>23,312</b>	<b>25,547,772</b>
<b>Deferred Inflows of Resources:</b>			
Unearned revenue	-	-	-
Pension	959,000	-	959,000
Other postemployment benefits plans	620,905	-	620,905
<b>Total Deferred Inflows of Resources:</b>	<b>1,579,905</b>	<b>-</b>	<b>1,579,905</b>
<b>Net Position:</b>			
Invested in capital assets-net of related debt	7,815,262	-	7,815,262
Restricted:			
Capital projects & debt service	4,554,704	-	4,554,704
Future retirement funding rate changes	640,146	-	640,146
Post-employment health care	816,080	-	816,080
Compensated absences	275,482	-	275,482
Future CMAVTS assessments	100,000	-	100,000
Technology Equipment	350,000	-	350,000
Other	149,540	-	149,540
Unrestricted	(14,771,562)	77,412	(14,694,150)
<b>Total Net Position</b>	<b>(70,348)</b>	<b>77,412</b>	<b>7,064</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position:</b>	<b>\$ 27,034,017</b>	<b>\$ 100,724</b>	<b>\$ 27,134,741</b>

The accompanying notes are an integral part of this financial statement.

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

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>								
Instruction	\$ 9,744,121	\$ -	\$ 43,704	\$ 2,919,101	\$ -	\$ (6,781,316)		\$ (6,781,316)
Instructional Student Support	1,002,730	-	-	97,236	-	(905,494)		(905,494)
Admin. & Financial Support Services	1,401,866	-	-	107,082	-	(1,294,784)		(1,294,784)
Operation & Maintenance of Facilities	1,405,870	-	522	61,542	-	(1,343,806)		(1,343,806)
Pupil Transportation	781,125	-	-	528,397	-	(252,728)		(252,728)
Student Activities	368,186	-	-	131,597	-	(236,589)		(236,589)
Community Services	19,308	-	-	-	-	(19,308)		(19,308)
Interest on Long-Term debt	136,750	-	-	-	-	(136,750)		(136,750)
<b>Total Governmental Activities</b>	<b>14,859,956</b>		<b>44,226</b>	<b>3,844,955</b>	<b>-</b>	<b>(10,970,775)</b>		<b>(10,970,775)</b>
<b>Business-type activities:</b>								
Food Service	487,667		98,250	406,299	-	-	16,882	16,882
<b>Total Primary Government</b>	<b>\$ 15,347,623</b>		<b>\$ 142,476</b>	<b>\$ 4,251,254</b>	<b>\$ -</b>	<b>\$ (10,970,775)</b>	<b>\$ 16,882</b>	<b>\$ (10,953,893)</b>
<b>General revenues:</b>								
Taxes:								
Property taxes, levied for general purposes, net						4,598,519	-	4,598,519
Taxes levied for specific purposes						1,716,208	-	1,716,208
Grants, subsidies, & contributions not restricted						5,012,839	-	5,012,839
Investment Earnings						382,171	-	382,171
Miscellaneous Income						22,090	-	22,090
<b>Total general revenues, special items, extraordinary items and transfers</b>						<b>11,731,827</b>	<b>-</b>	<b>11,731,827</b>
<b>Change in Net Position</b>						<b>761,052</b>	<b>16,882</b>	<b>777,934</b>
Net Position—beginning						(831,400)	59,855	(771,545)
<b>Net Position—ending</b>						<b>\$ (70,348)</b>	<b>\$ 76,737</b>	<b>\$ 6,389</b>

The accompanying notes are an integral part of this financial statement.

**Millville Area School District  
Balance Sheet-Governmental Funds**

**June 30, 2024**

	<b>General Fund</b>	<b>Capital Reserve</b>	<b>Capital Projects</b>	<b>Scholarship</b>	<b>Student Activities</b>	<b>Total Governmental Funds</b>
<b>Assets and Deferred</b>						
<b>Outflows of Resources:</b>						
<b>Assets:</b>						
Cash and cash equivalents	\$ 5,278,868	\$ 2,795,965	\$ 390,447	\$ 95,413	\$ 72,243	\$ 8,632,936
Taxes receivable-net	609,774	-	-	-	-	609,774
Interfund receivables	18,494	-	-	-	-	18,494
Intergovernmental receivables	2,581,588	-	-	-	-	2,581,588
Other receivables	2,755	-	-	-	-	2,755
Prepaid expenses	149,540	-	-	-	-	149,540
 Total assets	 8,641,019	 2,795,965	 390,447	 95,413	 72,243	 11,995,087
 <b>Deferred Outflows of Resources:</b>						
	-	-	-	-	-	-
 Total Assets & Deferred Outflows	 8,641,019	 2,795,965	 390,447	 95,413	 72,243	 11,995,087
 <b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>						
<b>Liabilities:</b>						
Accounts payable	256,194	-	-	-	-	256,194
Accrued salaries & benefits	1,561,980	-	-	-	-	1,561,980
Other current liabilities	17,577	-	-	-	-	17,577
Total liabilities	1,835,751	-	-	-	-	1,835,751
 <b>Deferred Inflows of Resources:</b>						
Unearned revenue	138,413	-	-	-	-	138,413
Total deferred inflows	138,413	-	-	-	-	138,413
 <b>Fund Balances:</b>						
Non-spendable	149,540	-	-	-	-	149,540
Restricted	-	-	-	95,413	72,243	167,656
Committed	3,550,000	-	-	-	-	3,550,000
Assigned	-	2,795,965	390,447	-	-	3,186,412
Unassigned fund balance	2,967,315	-	-	-	-	2,967,315
Total fund balance	6,666,855	2,795,965	390,447	95,413	72,243	10,020,923
 Total Liabilities, Deferred Inflows & Fund Balance	 8,641,019	 2,795,965	 390,447	 95,413	 72,243	 11,995,087

The accompanying notes are an integral part of this financial statement.

**Millville Area School District**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**To the Statement of Net Position**  
**June 30, 2024**

Total Fund Balances - Governmental Funds	\$ 10,020,923
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital Assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$39,368,090 and the accumulated depreciation is \$27,401,374.	11,966,716
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Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and, therefore, are recorded as unearned revenues in the funds balance sheet.	138,413
--	---------

Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:	
Bonds payable, net	(3,067,554)
Notes payable, net	(1,083,900)
Accrued interest on the bonds	(40,487)
Compensated absences	(232,572)
OPEB Liabilities	(1,443,690)
Net Pension Liability	(17,839,000)

Deferred outflows and inflows of resources related to pension and OPEB amounts to be recognized and/or realized in future periods are not reported in governmental funds	
Deferred outflows-pension	2,671,117
Deferred inflows-pension	(959,000)
Deferred outflows-OPEB	419,591
Deferred inflows-OPEB	(620,905)

Total Net Position - Governmental Activities	\$ (70,348)
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The accompanying notes are an integral part of this financial statement.

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

	<u>General Fund</u>	<u>Capital Reserve</u>	<u>Capital Projects</u>	<u>Scholarship</u>	<u>Student Activities</u>	<u>Total Gov. Funds</u>
<b>REVENUES</b>						
Local Sources	\$ 6,891,664	\$ 99,854	\$ 18,362	\$ 1,953	\$ 91,410	\$ 7,103,243
State Sources	7,589,254	-	-	-	-	7,589,254
Federal Sources	980,102	-	-	-	-	980,102
Total Revenues	15,461,020	99,854	18,362	1,953	91,410	15,672,599
<b>EXPENDITURES</b>						
Instruction	8,651,811	-	480,632	-	-	9,132,443
Support Services	4,631,267	-	-	-	-	4,631,267
Non-instructional Services	286,197	-	-	7,900	85,832	379,929
Capital Outlay	-	-	-	-	-	-
Debt Service (Principal & Interest)	395,084	-	-	-	-	395,084
						-
Total Expenditures	13,964,359	-	480,632	7,900	85,832	14,538,723
Excess (Deficiency) of Revenues Over Expenditures	1,496,661	99,854	(462,270)	(5,947)	5,578	1,133,876
<b>OTHER FINANCING SOURCES (USES)</b>						
Insurance Recoveries	4,914	-	-	-	-	4,914
<b>Net Change in Fund Balances</b>	1,501,575	99,854	(462,270)	(5,947)	5,578	1,138,790
<b>Fund Balance - Beginning of Year</b>	5,165,280	2,696,111	852,717	101,360	66,665	8,882,133
<b>Fund Balance - End of Year</b>	<u>\$ 6,666,855</u>	<u>\$ 2,795,965</u>	<u>\$ 390,447</u>	<u>\$ 95,413</u>	<u>\$ 72,243</u>	<u>\$ 10,020,923</u>

The accompanying notes are an integral part of this financial statement.



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

Total net change in fund balances - governmental funds	\$ 1,138,790
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Net carrying values of disposed fixed assets are expenses in the statement of activities and are compared to sale proceeds, if any, to determine the amount of gains or losses from disposals. The amounts of depreciation, capital outlays, and fixed asset disposals during the period are as follow:

Depreciation expense	(1,170,334)
Capital Outlays	87,181

Because some property and other taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds and the revenue is deferred. Unearned tax revenues increased (decreased) by this amount this year:	(51,591)
--	----------

Debt in governmental funds is recorded as "Other Financing Sources" when borrowings are made and expenditures for repayment of debt. In government-wide statements the borrowings are recorded as liabilities and repayments reduce long-term liabilities. These differences result in the following reconciling items:

Payments of principal	251,100
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Bond premiums and discounts related to time-value of money are recorded net of bonds payable and accreted/amortized in government-wide statements:

Amortize bond issuance premiums	5,404
---------------------------------	-------

Accrued interest on long term debt (increased) decreased at current year end as compared to the previous year end due to the retirement of the bond issue	1,830
---	-------

Post-employment liabilities (increased) decreased at current year end as compared to the previous year end	20,891
--	--------

In the statement of activities, Pension and OPEB expense are measured by the amounts contributed toward future retirement during the year. In the governmental funds, however, they are measured by the amount of financial resources used. This amount represents the additional amount, net, expended in the current period in consideration of the changes in the Net Pension and OPEB Liabilities and the related Deferred inflows and outflows of resources:

	477,781
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Change in net position of governmental activities	\$ 761,052
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The accompanying notes are an integral part of this financial statement.

**Millville Area School District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**General Fund**  
**Budget and Actual**  
**For the Year Ended June 30, 2024**

	<b>Budgeted Amounts</b>			<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
				<b>Positive (Negative)</b>
<b>REVENUES</b>				
Local Sources	\$ 6,608,827	\$ 6,608,827	\$ 6,891,664	\$ 282,837
State Sources	7,423,480	7,423,480	7,589,254	165,774
Federal Sources	830,394	830,394	980,102	149,708
Total Revenues	14,862,701	14,862,701	15,461,020	598,319
<b>EXPENDITURES</b>				
Regular education programs	5,618,887	5,618,887	5,535,282	83,605
Special education programs	2,158,395	2,158,395	2,285,259	(126,864)
Vocational education programs	931,303	931,303	792,080	139,223
Other instructional programs	39,366	39,366	39,190	176
Pupil personnel support services	728,864	728,864	520,263	208,601
Instructional staff support services	486,975	486,975	431,694	55,281
Administrative services	1,040,774	1,040,774	968,403	72,371
Pupil health services	139,299	139,299	138,447	852
Business services	458,047	458,047	430,911	27,136
Operation & maintenance of facilities	1,697,567	1,697,567	1,322,351	375,216
Student transportation services	800,000	800,000	782,080	17,920
Central & other support services	37,167	37,167	37,118	49
Student activities	322,758	322,758	274,789	47,969
Community services	8,191	8,191	11,408	(3,217)
Capital outlay	-	-	-	-
Debt Service (Principal & Interest)	395,108	395,108	395,084	24
Total Expenditures	14,862,701	14,862,701	13,964,359	898,342
Excess (Deficiency) of Revenues Over Expenditures	-	-	1,496,661	1,496,661
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (Out)	-	-	-	-
Insurance Recoveries	-	-	4,914	4,914
Net Change in Fund Balances	-	-	1,501,575	
<b>Fund Balance - Beginning of Year</b>	3,918,958	3,918,958	5,165,280	
<b>Fund Balance - End of Year</b>	<u>\$ 3,918,958</u>	<u>\$ 3,918,958</u>	<u>\$ 6,666,855</u>	

The accompanying notes are an integral part of this financial statement.

**Millville Area School District**  
**Statement of Net Position-Proprietary Funds**

**June 30, 2024**

	<u><b>Food Service Fund</b></u>
<b>Assets and Deferred</b>	
<b>Outflows of Resources:</b>	
<b>Assets:</b>	
<b>Current assets:</b>	
Cash and cash equivalents	\$ 96,359
Due from other governments	-
Inventories	4,365
Total current assets	<u>100,724</u>
<b>Noncurrent assets:</b>	
Furniture and equipment-net	-
Total noncurrent assets	<u>-</u>
<b>Total Assets</b>	<u>100,724</u>
<b>Deferred Outflows of Resources:</b>	-
<b>Total Assets and Deferred Outflows</b>	<u><u>100,724</u></u>
<b>Liabilities, Deferred Inflows of</b>	
<b>Resources and Net Position:</b>	
<b>Liabilities:</b>	
<b>Current liabilities:</b>	
Accounts payable	4,818
Due to other funds	18,494
Other current liabilities	-
Total current liabilities	<u>23,312</u>
<b>Noncurrent liabilities:</b>	
Total noncurrent liabilities	<u>-</u>
<b>Total Liabilities</b>	<u>23,312</u>
<b>Deferred Inflows of Resources:</b>	-
<b>Net Position:</b>	
Invested in capital assets-net of related debt	-
Restricted	-
Unrestricted	77,412
<b>Total Net Position</b>	<u>77,412</u>
<b>Total Liabilities, Deferred</b>	
<b>Inflows, and Net Position</b>	<u><u>\$ 100,724</u></u>

The accompanying notes are an integral part of this financial statement.

**Millville Area School District**  
**Statement of Revenues, Expenditures and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2024**

	<b>Food Service Fund</b>
<b>OPERATING REVENUES</b>	
Food service revenue	\$ 98,250
Total Operating Revenues	98,250
<b>EXPENDITURES</b>	
Salaries	100,848
Employee benefits	40,832
Purchased property services	4,282
Supplies	341,705
Depreciation	-
Total Expenditures	487,667
Operating income (loss)	(389,417)
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Earnings on investments	675
State sources	104,332
Federal sources	301,967
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	
<b>Income (Loss) for the period/Increase (Decrease) in Net Position</b>	<b>17,557</b>
<b>Net Position - Beginning of Period</b>	<b>59,855</b>
<b>Net Position - End of Period</b>	<b>\$ 77,412</b>

The accompanying notes are an integral part of this financial statement.

**Millville Area School District**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2024**

	<b>Food Service Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from users	\$ 98,250
Cash payments to employees for services	(219,000)
Cash payments to suppliers for goods and services	(375,987)
Net Cash (Used For) Operations	(496,737)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>	
State sources	105,755
Federal sources	294,633
Operating transfers in (out), net	-
Net Cash Provided By Non-Capital Financing Operations	400,388
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Capital outlay	-
Net Cash (Used For) Capital and Related Financing Operations	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Earnings on investments	675
Net Cash Provided By Investing Activities	675
<b>Net Increase (Decrease) in cash for fiscal year</b>	(95,674)
<b>Cash and cash equivalents - beginning of period</b>	192,033
<b>Cash and cash equivalents - end of period</b>	<u>\$ 96,359</u>
<b>RECONCILIATION OF OPERATING (LOSS) TO CASH (USED FOR) OPERATIONS:</b>	
Operating (loss)	\$ (389,417)
Adjustments to reconcile-	
Depreciation	-
(Increase) Decrease in inventory	(2,337)
Increase (Decrease) in accounts payable	(27,663)
Increase (Decrease) in advances from other funds, net	(77,320)
Net Cash (Used For) Operations	<u>\$ (496,737)</u>

The accompanying notes are an integral part of this financial statement.

**Millville Area School District**  
Notes to Financial Statements  
June 30, 2024

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

The accounting policies of the Millville Area School District, "the School District" or "District" conform to United States generally accepted accounting principles (GAAP) as applicable to governmental entities. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) statements and interpretations to its governmental and business-type activities in certain situations.

**1.A. Description of Entity**

The Millville Area School District, Columbia County, Pennsylvania, "the School District" operates as a school district of the 3rd class under the School Code of 1949 of the Commonwealth of Pennsylvania. The district operates under the management of a superintendent hired by and responsible to an elected nine-member board of school directors.

**1.B. Financial Reporting Entity**

The District is the basic level of government which has responsibility and control over all activities related to public school education in its attendance area in Columbia County. The District receives funding from local, state, and federal government sources and must comply with various requirements of these funding sources. However, the District is not included in any other governmental reporting entity as defined by GASB pronouncements. Additionally, there are no other organizations which are required to be included as a component unit of the District's reporting entity.

**1.C. Basis of Presentation**

**Government-wide Financial Statements**

The Statement of Net Position and the Statement of Activities report information about the District as a whole. These statements include the financial activity of the District (except for fiduciary funds (prior to GASB No. 84 adoption at July 1, 2020 (see below))). The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. The District's General, and Capital Reserve Funds are classified as governmental activities. The District's Food Service Fund is classified as a business-type activity.

The Statement of Net Position presents the financial condition of the governmental and business-type activities of the District as of the District's June 30 fiscal year end. The Statement of Activities presents a comparison between direct expenses and program revenues

(Continued)

**Millville Area School District**  
Notes to Financial Statements  
June 30, 2024

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

**Fund Financial Statements**

Fund financial statements of the District are organized into funds, each of which is considered to be a separate accounting entity. During the fiscal year, the School District accounts for its operations by segregating activities related to certain functions or activities into separate funds. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund balances, revenues, and expenditures or expenses, as appropriate. School district resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Funds are organized into three major categories: governmental, proprietary, and fiduciary. In the presentation of fund financial statements for governmental and proprietary funds, those funds which are considered to be "major funds" are presented separately with the remaining funds in each of these categories being presented in an aggregated manner. A fund is defined as a major fund in accordance with GASB Statement No. 34 *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* if it meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or proprietary fund are at least 10 percent of the corresponding total for all funds of that category, and;
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or proprietary fund are at least 5 percent of the corresponding total for all governmental and proprietary funds combined.

The funds of the District are described below:

(Continued)

**Millville Area School District**  
Notes to Financial Statements  
June 30, 2024

***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.

**Capital Reserve Fund**--The capital reserve fund of the District was established in accordance with P.L. 145, Act of April 30, 1943 of the Commonwealth of Pennsylvania. Accordingly, the amounts in this fund are restricted and may be utilized only for the purposes designated in the Act.

**Scholarship Fund** – The School District's Scholarship fund is governmental fund, effective with the July 1, 2020 adoption of GASB No. 84. Like the Student Activities fund below, the Scholarship fund was previously a fiduciary, agency fund. The District elected to separate the primarily scholarship components of the prior Fiduciary Fund following the evaluation of the fund components relative to their underlying governing agreements, if any, and relationships with grantors and other parties outside the District. The Scholarship funds are in the District's custody via depository banking relationships and, while there tends to be input from the original grantors, their estates, other stakeholders, etc., there is generally no formal trust agreement that affects the degree of management involvement and the length of time that the resources are held. Despite the custody and administrative involvement, the District does not view these funds as District property and recognizes the residual fund balance as restricted in nature in the accompanying financial statements reflecting the District's understanding of the original grantor intent for the funds.

**Student Activities Fund** – The School District's Student Activities fund is governmental fund, effective with the July 1, 2020 adoption of GASB No. 84. This fund accounts for the funds being held by the School District on behalf of various student clubs and organizations. Generally, there is no trust agreement that affects the degree of management involvement and the length of time that the resources are held. Such student clubs and organizations are generally authorized by District policy and the Board with oversight by District management and other employees (such as club advisors), but the account balances result from organization activity and are the property of the respective clubs, and are not District property, in spite of the District's administrative involvement and custody, through depository banking relationships, of the residual funds.

***Proprietary Funds***

Proprietary fund accounting and reporting is used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or

(Continued)



**Millville Area School District**  
Notes to Financial Statements  
June 30, 2024

services on a continuing basis is to be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**Food Service Fund**-The Food Service Fund is the District's only proprietary fund. It is utilized to account for the District's operations in providing meal services.

***Fiduciary Funds***

Trust and Agency Funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals. Fiduciary funds are custodial in nature and do not involve measurement of results of operation. Prior to the adoption of GASB No. 84, the District accounted for funds held by the District in a custodial manner on behalf of individuals, estates, entities, groups, etc. as an aggregated fiduciary, agency fund. As described above, following GASB No. 84 adoption, these are now included among the governmental funds.

The funds, which are considered major funds for fund financial statement presentation, and are presented in a separate column within the respective fund category, are:

1. Governmental Funds
  - General Fund
  - Capital Reserve Fund
2. Proprietary Funds
  - Food Service Fund

All other funds are presented as aggregated information within the respective fund category fund financial statement.

**1.D. Accounting Methods**

Accounting methods are described in terms of the measurement focus and basis of accounting.

Measurement focus is a term used to describe which transactions are recorded within the financial statements. Measurement focus is dictated by the principal objective of the accounting and reporting being presented.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus applied.

(Continued)

**Millville Area School District**  
Notes to Financial Statements  
June 30, 2024

***Measurement Focus***

Government-wide Statements of Net Position and the Statements of Activities are prepared utilizing the “economic resources” measurement focus for both governmental and business-like activities.

Fund financial statements are prepared utilizing the “current financial resources” measurement focus in governmental funds. In proprietary funds the “economic resources” measurement focus is applied.

In governmental funds the principal objective of the accounting and reporting is to account for and report the flow of financial resources utilized in the delivery of services by that governmental entity. Typically, this entails the reporting of the various sources of revenues and expenditures versus a legally adopted budget. The emphasis is on accounting for this budget and the financial resources and requirements supporting it on an annual basis. This measurement focus accounts for current financial resources and as such revenue and expenditure recognition under this measurement focus is limited and excludes amounts represented by non-current assets or liabilities. Since they do not affect net current assets, long-term amounts are not recognized as revenues or expenditures or fund assets or liabilities.

Proprietary funds utilize an economic resources measurement focus because the objective of the accounting in these funds is the determination of operating income, changes in net assets, financial position and cash flows. All assets and liabilities, whether current or non-current, associated with the activities of these funds are included.

***Basis of Accounting***

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become both measurable and available as net current assets. Taxes are considered "available" when in the hands of the School District or, in the case of delinquent taxes, anticipated to be collected within 60 days after the fiscal year end and are recognized as revenue within the fiscal year.

Expenditures are generally recognized when the related fund liability is incurred. The exception to this general rule is that interest on general long-term debt is recognized only when payable.

Government-wide financial statements are prepared utilizing the accrual basis of accounting. Revenues are recognized when they are earned and their expenses are recognized when they are incurred.

(Continued)

**Millville Area School District**  
Notes to Financial Statements  
June 30, 2024

Proprietary funds are also accounted for using the accrual basis of accounting.

**1.E. Revenue Recognition – Exchange and Non-exchange Transactions**

Revenue resulting from exchange transactions, those 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.

Non-exchange transactions, those in which the District receives value without giving equal value in return, include property taxes, earned income taxes, grants and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year in 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 the eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the specific time period in which expenditures must be made in order to be eligible as grant, entitlement or donation eligible; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from a non-exchange transaction must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: earned income taxes, grants, interest, tuition, and student fees.

In accordance with GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (GASB No. 63), the District has captioned the amounts historically disclosed as “deferred revenue,” as “unearned revenue.” The District’s unearned revenues balance as per the Fund financial statements represents unavailable tax revenues and has been disclosed as “deferred inflows of resources.” These amounts are recognized as revenue in the period in which the tax is levied in the Government wide statements and are not deferred inflows therein.

**1.F. – Expenses and Expenditures**

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The “current financial resources” measurement focus of governmental fund accounting, results in accounting for decreases in net current 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

(Continued)

**Millville Area School District**  
Notes to Financial Statements  
June 30, 2024

amortization, are not recognized in governmental funds.

**1.G. – Assets, Liabilities and Net Position/Fund Balance**

The following summarizes certain of the District's Summary of Significant Accounting Policies (SOSAP) matters relevant to significant accounting and financial statement components:

***Cash and Cash Equivalents and Investments***

Investments with original maturities of three months are considered as cash equivalents for financial statement purposes. Investments are stated at cost or amortized cost, which approximates market.

***Taxes and Intergovernmental Receivables***

Taxes receivable are reported on the balance sheet at amounts that include any penalty amounts due net of an allowance for uncollectible balances. Intergovernmental receivables include amounts due from the state and federal governments for various grants and subsidies.

Only that portion of such receivables that is determined to be available as of the fiscal year end is recorded as revenue in the current year. Deferred revenue is credited for that portion of the receivable balance not meeting the revenue recognition criteria.

***Inventory***

Inventory is valued at cost (first-in, first-out). Inventory consists of food and related supplies in the District's Food Service Fund. Food donated by the U.S. Department of Agriculture is recorded at market value.

The District's inventory of supplies in the General Fund is not significant in amount and is therefore not included in the financial statement.

***Capital Assets***

General capital assets are those assets not specifically related to activities in the District's Food Service Fund. These assets generally result from expenditures in the District's governmental funds. These assets are not included in the Fund Financial Statements. They are, however include in the governmental activities column of the Government-wide Statement of Net Position.

Capital assets used by the Food Service Fund are included in both the Fund Financial Statements and the business-type activities column of the Government-wide Statement of Net Position.

(Continued)

**Millville Area School District**  
Notes to Financial Statements  
June 30, 2024

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market value on the date of donation. The District maintains a capitalization threshold of \$1,000 which is applied to individual asset purchases or, in the case of the purchase of same or similar assets in a group, to the aggregated cost.

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

<i><b>Description</b></i>	<i><b>Estimated Useful Lives</b></i>
Land Improvements	15-50 years
Buildings and Building Improvements	15-40 years
Furniture and Equipment	5-20 years
Vehicles	5-10 years

***Bond Discounts and Premiums and Amortization***

The premiums and discounts resulting from the determination of present value of bond transactions, recognized upon issuance of the District's bonds payable, are being amortized utilizing the straight-line method, as described above, over the remaining life of the debt. The premiums and discounts have been capitalized as a direct net addition to the face amount of bonds payable in the accompanying statement of net position. Net amortization of premium and accretion of discounts expense, which is included as an adjustment (decrease) of interest expense, was approximately \$5,400 for the year-ended June 30, 2024.

***Pensions***

In accordance with the District's adoption of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions (as amended)* (GASB No. 68), effective as of the beginning of the fiscal year-ended June 30, 2015, the District recognizes its proportionate share of the net pension liability relative relevant retirement benefits available to certain of the District's current and former employees and retirees.

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 or the System or the Pension Plan or the Plan) and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms and PSERS's investments are reported at fair value.

(Continued)

**Millville Area School District**  
Notes to Financial Statements  
June 30, 2024

The Pension Plan provides Retirement, death and disability, legislatively mandated *ad hoc* cost-of-living adjustments, and healthcare insurance premium assistance benefits to qualifying annuitants. The plan operates under the authority of the Public School Employee's Retirement Code (the Code) (Act No. 96 of October 2, 1975, as amended) (24 Pa. C. S. 8101-8535). The Pension Plan is administered, at the State-wide level, by a 15-member board (the PSERS Board).

See Note 9, "Pensions," for further discussion of Pensions and presentation and disclosure policies relative to the relevant account balances and amounts.

***Other Postemployment Benefit Plans (Other than Pensions)***

The District's employees and former employees, subject to eligibility requirements summarized here and detailed in the corresponding participant agreements, are provided postemployment benefits other than pensions via the PSERS Health Insurance Premium Assistance Program (the PSERS/System Plan) (see Note 14 for further) and the Millville Area School District Postemployment Benefits Plan (the District Plan) (see Note 15 for further) (OPEB Plans).

Following the scheduled adoption of GASB GASB No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB No. 75) as of July 1, 2017, the District accounts for these OPEB plans based upon the requirements of GASB No. 75. Periods ending at July 1, 2008 through June 30, 2017 were previously accounted for based upon the requirements of GASB No. 45 (also entitled *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*), which GASB No. 75 replaced). The adoption of GASB No. 75 resulted in the first-time recognition of the PSERS Plan which was not required to be accounted for under the prior GASB No. 45.

The year-end balances of the plans were \$755,000 for the PSERS, State-level plan and \$816,080 for the District-level plan, respectively. The District recognized a total of approximately \$130,000 of OPEB expense in its government-wide statement of governmental activities based upon the measurement and recognition requirements of GASB No. 75 for the year-ended June 30, 2024.

***Net Position***

Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. Net position invested in capital assets represents the costs of fixed assets net of related accumulated depreciation and related debt. Net position is reported as restricted when there are limitations imposed on their use either through restrictions imposed by creditors, grantors or laws or regulations of other governments.

(Continued)

**Millville Area School District**  
Notes to Financial Statements  
June 30, 2024

***Fund Balance***

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB No. 54), the District classifies governmental fund balances as follows:

***Non-spendable*** – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

***Restricted*** – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

***Committed*** – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the Board of Directors, the District's highest level of decision making authority, and does not lapse at year-end.

***Assigned*** – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Superintendant or Business Manager if authority to make such assignments is granted by the Board of Directors via District policy.

***Unassigned*** – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and, should they arise, negative fund balances in other governmental funds.

As of June 30, 2024, the District's non-spendable balance corresponds to prepaid expenses, and the District does not maintain fund balance components which are classified as restricted fund balances in the General Fund. However, the District classifies the fund balances of its Student Activities and Scholarship Funds as restricted to reflect that these amounts are not available to support General Fund operations nor are they available to the District's creditors. The District uses restricted /committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

(Continued)

**Millville Area School District**  
Notes to Financial Statements  
June 30, 2024

The District does not have a formal minimum fund balance policy.

**1. H. -- Accumulated Compensated Absences**

Retirement severance represents the liability for amounts payable at the time of retirement based on vested amounts calculated using rates currently applicable and for vested amounts of sick days and vacation due to certain employees.

**1. I. -- Accounting Estimates**

Preparation of the School District's financial statements requires management to make certain estimates and assumptions about the effect of future events on the valuation of certain assets or liabilities and the reported amounts of revenues and expenses during the reporting period. These include assumptions regarding an allowance for uncollectible taxes and useful lives and residual values and depreciation and amortization methods. Estimates are made because the measurement of some amounts or the valuation of some accounts is uncertain, pending the outcome of future events, or relevant data concerning events that have already occurred cannot be accumulated on a timely, cost-effective basis. Actual results could differ from these estimates.

***Significant Risks and Uncertainties***

The following represent factors which could cause actual results to differ from the estimates reflected in the accompanying financial statements:

a) *Significant Group Concentrations of Credit Risk*

The District's operations are located in the Borough of Millville and surrounding townships in Columbia County, Pennsylvania. The District's service area is located within the geographic bounds of the District. The District assesses taxpayers, within its service area, based upon taxing powers at its disposal. The ability of each of the District's taxpayers to honor their assessed obligations to the District is dependent upon economic and other factors affecting the taxpayers.

b) *Grant Programs*

The District participates in both state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for any expenditure which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance that may result in the disallowance of program expenditures.

(Continued)



**Millville Area School District**  
Notes to Financial Statements  
June 30, 2024

**Note 2.        Budgets and Budgetary Accounting**

In accordance with the Pennsylvania School Code of 1949, as amended, prior to June 30, the Board of Directors approves and adopts a General Fund Budget for the fiscal year beginning July 1. The General Fund Budget includes proposed expenditures and the means to finance them.

Formal budgetary integration is employed as a management control device during the year for the General Fund. Budgeted amounts are as originally adopted, or as amended by the Board of Directors. Individual amendments are typically not material in relation to the total original appropriations. All budgeted appropriations lapse at fiscal year end.

**Note 3.        Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund. All encumbrances lapse at fiscal year end.

**Note 4.        Deposits With Financial Institutions and Investments**

The deposits and investments of the School District are potentially subject to credit and market risks. Credit risk involves the risk that another party to the deposit or investment transaction will not fulfill its obligation with respect to the deposit or investment. Credit risks include failures to perform, as agreed, on the part of the issuer of the security or the financial institution holding the deposit or the custodial agent for the security itself or supporting collateral. Market risk involves the risk that the market value of an investment itself or the supporting collateral will decline and expose the School District to a loss.

The School District's market and credit risks are reduced by legal restrictions as to the types of deposits and investments it is allowed to make under Pennsylvania law. The following information is provided to allow the reader to evaluate the market and credit risks associated with the School District's deposits and investments.

**Government-wide Statement of Position Breakout of Cash and Investments:**

The District's Cash and Investments are as follow as of June 30, 2024:

(Continued)

**Millville Area School District**  
Notes to Financial Statements  
June 30, 2024

Description	June 30, 2024 Amount
<b>Cash and cash equivalents:</b>	
<b>Governmental Activities:</b>	
Demand deposits	\$ 3,100,145
RBC investment cash	947,932
PSDLAF investment pool	4,583,159
Cash on hand	1,700
	<u>8,632,936</u>
<b>Business-type activities:</b>	
Demand deposits	96,359
	<u>96,359</u>
<b>Total Statement of Net Assets Cash, Cash Equivalents and Investments</b>	<u><u>\$ 8,729,295</u></u>

**Types of Deposits and Investments Permitted for Pennsylvania School Districts:**

***Legal Requirements***

Section 440.1 of the Pennsylvania Public School Code of 1949 requires deposits and investments of the School District to be restricted to the following:

- United States Treasury bills;
- Short-term obligations of the United States Government or its agencies or instrumentalities;
- Deposits in institutions insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or the National Credit Union Share Insurance Fund to the extent that such accounts are so insured, and, for any amounts above the insured maximum, provided that approved collateral as provided by the Act of August 6, 1971 (P.L. 281, No. 72) is pledged by the depository; or
- Obligations of the United States of America, the Commonwealth of Pennsylvania, or of any political subdivision of the Commonwealth of Pennsylvania or any of their agencies or instrumentalities backed by the full faith and credit of the United States of America, the Commonwealth of Pennsylvania, or of any political subdivision of the Commonwealth of Pennsylvania respectively.

***Information Regarding Risks Related to Deposits and Investments:***

At June 30, 2024, the School District had the following deposits and investments with the noted related credit and custodial risks:

(Continued)

**Millville Area School District**  
**Notes to Financial Statements**  
June 30, 2024

<b>Cash Equivalent/Investment</b>	<b>June 30, 2024 Amount</b>	<b>Credit/Custodial Risk</b>
<b>Governmental Activities:</b>		
Demand deposits-collateralization	\$ 2,850,145	Variable rate overnight investment with a bank collateralized with pooled securities held by a third party
FDIC/depository insurance	250,000	
Investment cash - FDIC	947,932	
Cash on hand	1,700	
PSDLAF investment pool	4,583,159	An investment pool for Pennsylvania school districts rated AAAm by Standard & Poor's.
	<u>8,632,936</u>	
<b>Business-type Activities:</b>		
Demand deposits-collateralization	96,359	Variable rate overnight investment with a bank collateralized with pooled securities held by a third party
	<u>96,359</u>	
Total Cash Equivalent/Investments	<u><u>\$ 8,729,295</u></u>	

For purposes of financial statement presentation some of the amounts classified as investments above are considered as cash equivalents. Cash equivalents are defined as short-term, highly liquid investments that are both:

- a. Readily convertible to known amounts of cash.
- b. So near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

Generally, only investments with original maturities of three months or less meet this definition.

Also, some of the amounts classified as deposits above are considered to be investments for financial statement presentation.

**Note 5. Intergovernmental Receivables**

Intergovernmental receivables consist primarily of subsidies and grants due from the State and Federal governments as of June 30, 2024. As discussed in Note 1, revenue of the general fund is recognized on a modified accrual basis.

**Note 6. Taxes and Taxes Receivable**

The School District levies Real Estate taxes based on valuations provided by the County of Columbia. The calendar for taxes levied for the fiscal year ended June 30, 2023 was as follows:

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**Millville Area School District**  
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July 1, 2023	Original levy date
July 1, - August 31, 2023	2% discount period
September 1, - October 31, 2023	Face period
November 1, - December 31, 2023	10% penalty period
January 1, 2024	Lien date

Taxes receivable represents amounts due the School District as of June 30, 2024 for delinquent real estate, recorded at the penalty amount, real estate transfer tax, and earned income tax. A breakout of the detail follows:

	<u>Amount</u>
Real estate taxes	\$ 233,122
Real estate transfer	9,479
Earned income tax	<u>387,002</u>
	629,603
Less-Allowance for Uncollectible Accounts	<u>(19,829)</u>
	<u><u>\$ 609,774</u></u>

The amounts due represent taxes levied in 2000 through 2023. As discussed in Note 1, revenue related to taxes receivable is recognized on a modified accrual basis in the fund financial statements. As of June 30, 2024, approximately \$471,000 of the balance of taxes receivable has been recognized as revenue in those statements. Government-wide financial statements are prepared on an accrual basis and all of the balance of taxes receivable has been recognized as revenue.

**Note 7. Fixed Assets**

The following is a summary of activity for the District's fixed assets:

**Governmental Activities Fixed Assets:**

Description	Cost June 30, 2023	Fiscal Year-ended June 30, 2024		Cost June 30, 2024	Depreciation Expense For Year-ended June 30, 2024	Accumulated Depreciation June 30, 2024	Net Asset June 30, 2024
		Additions	Retirements/ Transfers				
Land	\$ 370,179	\$ -	\$ -	\$ 370,179	\$ -	\$ -	\$ 370,179
Land improvements	1,150,329	-	-	1,150,329	16,566	1,002,888	147,441
Buildings & improvements	31,273,524	-	-	31,273,524	957,980	20,279,384	10,994,140
Machinery & equipment	6,318,305	87,181	-	6,405,486	186,839	5,976,800	428,686
Vehicles	168,572	-	-	168,572	8,949	142,302	26,270
	<u>\$ 39,280,909</u>	<u>\$ 87,181</u>	<u>\$ -</u>	<u>\$ 39,368,090</u>	<u>\$ 1,170,334</u>	<u>\$ 27,401,374</u>	<u>\$ 11,966,716</u>

(Continued)

**Millville Area School District**  
Notes to Financial Statements  
June 30, 2024

Depreciation expense was charged to functions/programs of the District as follows:

<b>Governmental Activities:</b>	
<b>Function/Program</b>	<b>Amount</b>
Instruction	\$ 988,680
Instructional student support	19,454
Administration	28,979
Operation & maintenance	116,491
Student activities	16,730
	<u>\$ 1,170,334</u>

Business-type Activities - Food Service Fund Fixed Assets:

<b>Description</b>	<b>Cost June 30, 2023</b>	<b>Fiscal Year-ended June 30, 2024</b>		<b>Cost June 30, 2024</b>	<b>Depreciation Expense For Year-ended June 30, 2024</b>	<b>Accumulated Depreciation June 30, 2024</b>	<b>Net Asset June 30, 2024</b>
		<b>Additions</b>	<b>Retirements/ Transfers</b>				
Machinery & equipment	\$ 397,615	\$ -	\$ -	\$ 397,615	\$ -	\$ 397,615	\$ -
	<u>\$ 397,615</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 397,615</u>	<u>\$ -</u>	<u>\$ 397,615</u>	<u>\$ -</u>

See Note 1.G, above, for further explanation of the accounting treatment of fixed assets.

**Note 8. Unearned Revenues**

Unearned revenues at June 30, 2024 consist of the following:

<b>Government-Wide Statement of Net Assets:</b>	
<b>Governmental Activities</b>	<b>Amount</b>
Unearned/unavailable tax revenue	\$ -
Unearned revenue-federal programs	4,703
	<u>\$ 4,703</u>
<b>Governmental Fund Statements:</b>	
<b>General Fund:</b>	
Unearned/unavailable tax revenue	\$ 190,004
Unearned revenue-federal programs	4,703
	<u>\$ 194,707</u>

As discussed in Note 1, the difference in measurement focus between government-wide statements and fund financial statements, results in the above difference in unearned revenue. Government-wide statements are prepared utilizing accrual basis accounting while fund financial statements utilize the modified accrual basis of accounting.

(Continued)

**Millville Area School District**  
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Unearned tax-related revenue represents revenue not yet recorded as revenue because of not meeting the "available" criteria. This unearned revenue is included under the deferred inflow of resources caption in the accompanying financial statements. Unearned grant revenue, which is included among the District's current liabilities accounts, represents grant funding received before but not yet expended by June 30, 2024 under the terms of the underlying grant. See Note 1 for further discussion of revenue recognition and presentation and disclosure policies relative to these account balances.

**Note 9. Pensions**

**General information about the Pension Plan:**

1. ***Plan Description:***

PSERS is a governmental cost-sharing, multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania into which more than approximately 600 reporting units contribute. The members eligible to participate in the System include full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at [www.psers.pa.gov](http://www.psers.pa.gov).

2. ***Benefits Provided:***

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reach (a) age 62 with at least 1 year of credit 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 T-F members must work until age 65 with a minimum of three (3) years of service to attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of credited service. Benefits are generally equal to 2% or 2.5%, depending on membership class, of the member's final average salary (as defined by the Code) multiplied by the number of years of credited service. For members who membership started prior to July 1, 2011, after completion of five (5) 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 (10) years of service.

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**Millville Area School District**  
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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 on 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 salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply disability benefits.

Death benefits are payable upon death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three (3) years of credited service for Class T-E and Class T-F members) or who has at least five (5) years of credited service (ten (10) years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

3. ***Funding Policy - Contributions:***

a. **Member Contributions:**

Member Contribution Rates				
(the contribution rates based on qualified member compensation for virtually all members are presented below):				
Membership Class	Continuous Employment Since	Defined Benefit (DB) Contribution Rate	Defined Contribution (DC) Rate	Total Contribution Rate
T-C	Prior to July 22, 1983	5.25%	N/A	5.25%
				6.25%
T-C	On or after July 22, 1983	6.25%	N/A	6.25%
T-D	Prior to July 22, 1983	6.50%	N/A	6.50%
T-D	On or after July 22, 1983	7.50%	N/A	7.50%
T-E	On or after July 1, 2011	7.50% (*)	N/A	6/30/21 & Prior: 7.50%; 7/1/21 & Later: 8.00%
T-F	On or after July 1, 2011	10.30% (*)	N/A	6/30/21 & Prior: 10.30%; 7/1/21 & Later: 10.80%
T-G	On or after July 1, 2019	5.50% (*)	2.75%	6/30/21 & Prior: 8.25%; 7/1/21 & Later: 9.00%
T-H	On or after July 1, 2019	4.50% (*)	3.00%	6/30/21 & Prior: 7.50%; 7/1/21 & Later: 8.25%

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**Millville Area School District**  
**Notes to Financial Statements**  
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DC	On or after July 1, 2019	N/A	7.50%	7.50%
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(\*) Represents a “base rate” - Membership Classes T-E, T-F, T-G, and T-H are affected by a “Shared Risk” provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class contribution rates to fluctuate.

Shared Risk Program Summary (“Shared risk,” as defined by PSERS, pertains to the risks and rewards of investment performance – potential Shared Risk-related fluctuations are summarized as follows:)				
Membership Class	Defined Benefit (DB) Base Rate	Shared Risk Increment	Minimum	Maximum
T-E	7.50%	+/- 0.50%	5.50%	9.50%
T-F	10.30%	+/- 0.50%	8.30%	12.30%
T-G	5.50%	+/- 0.75%	2.50%	8.50%
T-H	4.50%	+/- 0.75%	1.50%	7.50%

**b. Employer Contributions:**

The District’s contractually required contribution rate for fiscal year ended June 30 2024, was 33.09% of covered payroll (34.00%, net of premium assistance (0.64%) and defined contribution (0.27%) portions), 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 and received by the Pension Plan from the District were approximately \$1,896,000 for the year ended June 30, 2024.

In accordance with Act 29 of 1994, the Commonwealth of Pennsylvania is required to reimburse the School District for contributions made to the retirement plan based upon a formula provided in the Act but not less than one-half of the School District’s contributions.

**4. Pension Liability:**

At June 30, 2024, the District reported a liability of approximately \$17,839,000, for its proportionate share of the PSERS net pension liability. The net pension liability was measured as of June 30, 2023 (for 2024), and the total pension liability used to calculate the net pension liability was determined by rolling forward the System’s total pension liability as of June 30, 2022 to June 30, 2023. The District’s proportion of the net pension liability was calculated utilizing the employer’s one-year reported contributions as it relates to the total one-year reported contributions reported by all PSERS participating employers. At June 30, 2023 (for 2024), the District’s proportion of was 0.0401%, which was a decrease of 0.0009 percentage points or an

(Continued)



**Millville Area School District**  
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approximately 2.2% decrease from its proportion measured as of June 30, 2022 (for 2023) (approximately 0.0410%).

For the year ended June 30, 2024, the District recognized pension expense of approximately \$1,395,000. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 4,000	\$ 244,000
Changes in assumptions	266,000	-
Net difference between projected and actual investment earnings	505,000	-
Changes in proportions	-	715,000
Contributions subsequent to the measurement date	1,896,117	-
	<u>\$ 2,671,117</u>	<u>\$ 959,000</u>

Deferred outflows resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the following year. 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:	
2025	\$ (142,000)
2026	(646,000)
2027	436,000
2028	168,000
	<u>\$ (184,000)</u>

5. ***Actuarial Assumptions:***

The total pension liability presented as of June 30, 2023 (for 2024) was determined by rolling forward the System's total pension liability as of the June 30, 2022 actuarial valuation to June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

- (a) *Actuarial Cost Method:* Entry Age Normal – level % of pay

(Continued)

**Millville Area School District**  
Notes to Financial Statements  
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- |     |                               |  |
|-----|-------------------------------|--|
| (b) | <i>Investment Return:</i>     | 7.00% - includes inflation at 2.50%  |
| (c) | <i>Salary Increases</i>       | 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.   |
| (d) | <i>Mortality rates</i>        | 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. |
| (e) | <i>Discount rate (change)</i> | The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2023 (for 2024) and 2022 (for 2023).  |

Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 (for the 2023) actuarial valuation:

- Salary growth rate - decreased from 5.00% to 4.50%.
- Real wage growth and merit or seniority increases (components for salary growth) - decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
- Mortality rates - Previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

The actuarial assumptions used in the June 30, 2023 (for 2024) valuation were based on the experience study that was performed for the five-year period ending June 30, 2020.

The long-term expected rate of return on the Pension Plan's investments was determined using a building-block method in which the 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

(Continued)

**Millville Area School District**  
Notes to Financial Statements  
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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 PSERS 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 Plan.

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

The above was the PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2023 (for 2024).

**6. *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.

**7. *Sensitivity to Discount Rate Changes:***

The following presents the net pension liability, calculated using the discount rate of

(Continued)

**Millville Area School District**  
Notes to Financial Statements  
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7.00%, as well as what the pension liability would be if it were calculated using discount rates that are 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate in order to demonstrate the sensitivity of the District's proportionate share of the Net Pension Liability to changes in the discount rate:

	<b>1% Decrease 6.00%</b>	<b>Current Discount Rate 7.00%</b>	<b>1% Increase 8.00%</b>
District's proportionate share of the net pension liability	\$ 23,124,000	\$ 17,839,000	\$ 13,380,000

**8. Pension Plan Fiduciary Net Position:**

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

**Note 10. Long-term Debt**

The District's long-term debt consists of the following as of June 30, 2024:

	<u>Amount</u>	<u>Current</u>	<u>Long-term</u>
General Obligation Bonds of 2019	\$ 3,000,000	200,000	\$ 2,800,000
General Obligation Bonds of 2020	1,083,900	63,200	1,020,700
	<u>\$ 4,083,900</u>	<u>\$ 263,200</u>	<u>\$ 3,820,700</u>

**General Obligation Bonds, Series of 2019**

The General Obligation Bonds, Series of 2019 (GOB 2019) were issued April 11, 2019. The GOB 2019 bonds carry a face value of \$3,925,000 aggregate and were issued with an approximately \$97,000 premium based upon interest rates and the timing of payments. The GOB 2019 bonds are/were scheduled to mature on each April 1 from 2020 through 2037 in amounts that range from \$180,000 to \$275,000. The bonds carried interest rates between 2.0% and 4.0%, varying based upon maturity. Bond interest is payable semi-annually on October 1 and April 1. The GOB 2019 bonds were used in conjunction with funds from General Fund operations and Capital Reserve to make general capital and energy efficiency specific improvements to District facilities.

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A summary of future required payments for the GOB 2019 follows:

<b>Fiscal Year-ended</b>	<b>GOB 2019</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	195,000	102,316	297,316
2026	200,000	98,172	298,172
2027	205,000	93,922	298,922
2028	210,000	89,310	299,310
2029	215,000	84,375	299,375
Thereafter	1,975,000	367,400	2,342,400
	<u>\$ 3,000,000</u>	<u>\$ 835,495</u>	<u>\$ 3,835,495</u>

***Columbia Montour AVTS Notes of 2022***

During June 2021, via the District's membership and affiliation through the Articles of Agreement among the C.M.A.V.T.S. member districts (as described in Note 13 below), the District committed to provide proportional support to the approved renovation project at the C.M.A.V.T.S. The project was initially expected to commence in fiscal 2021-2022 or early fiscal 2022-2023, with each member district separately borrowing or otherwise funding a proportional amount of the estimated \$16,000,000 cost of the project. The estimated assessment due from the District is approximately \$1,000,000. The District provided the initial funding of approximately 10% of its overall assessment in September 2021. Further, in August 2022, the District obtained \$1,145,000 of external financing via a long-term note arrangement with a local bank (the General Obligation Note Series of 2022 (GON 2022) of the remaining portion over a 15-year maturity period. The notes bear interest rates ranging from 3.40% to 5.40%, depending upon maturity. Final maturity is expected at approximately August 1, 2037.

See also Note 13 "Joint Venture - Columbia Montour Technical School" below, for further regarding the District's (beginning in) fiscal 2021-2022 commitment to fund renovations at the Columbia Montour AVTS.

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**Millville Area School District**  
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A summary of future required payments for the GON 2022 follows:

<b>Fiscal Year-ended</b>	<b>GOB Notes of 2022</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	63,200	35,778	98,978
2026	65,400	33,592	98,992
2027	67,700	31,329	99,029
2028	70,000	28,988	98,988
2029	72,400	26,567	98,967
Thereafter	745,200	145,842	891,042
	<u>\$ 1,083,900</u>	<u>\$ 302,096</u>	<u>\$ 1,485,066</u>

***Financial Assistance***

The School District, from time to time, receives financial assistance from the Commonwealth of Pennsylvania with respect to the above outstanding debt. This assistance is in the form of a reimbursement for principal and interest payments made on these bonds based on the "Reimbursable Percentage" assigned to these issues.

All of the above required payments are prior to any financial assistance from the Commonwealth of Pennsylvania as discussed above.

A summary of activity in long-term liabilities for the fiscal year is as follows:

<b>Description</b>	<b>Balance June 30, 2023</b>	<b>Additional Borrowings</b>	<b>Repayments/ Reductions</b>	<b>Balance June 30, 2024</b>
<b>Governmental activities:</b>				
General Obligation Bonds, Series of 2019	\$ 3,190,000	\$ -	\$ 190,000	\$ 3,000,000
General Obligation Notes, Series of 2022	1,145,000	-	61,100	1,083,900
Less-Deferred amounts-				
For issuance premiums	72,958	-	5,404	67,554
Total bonds payable	3,458,362	-	256,504	3,067,554
Compensated Absences-Governmental activities	253,463	7,805	28,696	232,572
Governmental activities long-term debt	<u>\$ 3,723,980</u>	<u>\$ 7,805</u>	<u>\$ 285,200</u>	<u>\$ 3,300,126</u>

***Unused Lines of Credit***

The District has no unused Lines of Credit or other similar borrowings.

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***Events of Default, Collateral, and Other Matters***

Under the terms of the relevant borrowing agreements, the District's lenders may accelerate/call the District's repayment obligations in an event of default such as, but not limited to, that a payment of principal and/or interest is delinquent. No such delinquencies or accelerations have occurred.

The District's lenders' collateral for the District's borrowings is a claim on the District's real estate and other tax receipts. Further collateral is provided by the ability for the District's lenders to intercept subsidy funding from the Commonwealth of Pennsylvania such as the Basic Education and other subsidies. Further collateral is also provided by the District's fixed and other assets.

***Compensated absences***

At June 30, 2024, the School District had liabilities for accumulated unpaid personal absence entitlement, retirement severance and health care benefits for retirees. The personal absence entitlement liability represents the vested amounts due professional, administrative and other 12-month employees. The retirement severance is based on years of service and the current applicable rates.

**Note 11. Contingencies - Public Entity Risk Pool**

Public entity risk pools consist of groups of governmental entities joining together to finance an exposure, liability, or risk. Such risk pools may involve a transfer or pooling of the risk among the participating members or it may involve retention of a portion of or all of the risk by the individual members incurring the losses. Such pools may also involve the transfer of a portion or all of the risk of loss to another entity outside the pool by purchase of insurance.

The School District is a member of The Central Susquehanna Region Employee's Health and Welfare Trust ("the Trust") which provides group health benefits to some of the employees of the district. The School District participates in the following programs of the Trust:

***Health Benefits***

The Trust provides health benefits to members under a pooling of risk concept. Required contributions by members are determined on an annual basis by the Trust. During the year ended June 30, 2024, the School District made its required contribution for health benefits provided under this plan. No additional contributions are required of the School District for the fiscal year.

Under the terms of membership in the Trust, should the School District decide to withdraw from the Trust, it would be required to pay any deficit generated by its

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**Millville Area School District**  
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claims experience, as calculated by the Trust at the time of notification of the intent to withdraw. Any deficit repayment would be based upon a formula calculation by the Trust relative to the District's most recent three-year policy participation period; no payment would be made to the District upon separation from the Trust relative to favorable claims experience over the period.

***Dental and Vision Benefits***

The School District participates in the dental and vision programs operated by the Trust which are operated on a retention of risk by individual member basis. During the year ended June 30, 2024, the School District made its required contribution for health benefits provided under this plan. No additional contributions are required of the School District for the fiscal year.

During the year-ended June 30, 2024, the District and its employees paid approximately \$1,800,000 in premiums to the Trust for District employees' participation in the health and related benefits coverages described above.

**Note 12. Non-monetary Transactions**

The School District's Food Service fund received Donated Commodities from the U. S. Department of Agriculture (USDA). The receipt of these commodities is recorded at values provided by the USDA. For the fiscal year ended June 30, 2024, the School District received \$23,710 of USDA commodities.

**Note 13. Joint Ventures**

**(a) Columbia Montour Technical School**

The School District is involved, with approximately five other school districts in a joint venture to operate the Columbia Montour Technical School (CMTS). The CMTS is a comprehensive high school providing vocational-technical education to pupils of the member districts.

The District is obligated to pay a portion of future expenses and operational costs for the operation of the CMTS. Any investment in the joint venture is recorded at the amount of the District's bond obligation under any shared borrowing arrangement (all such shared obligation arrangements have been satisfied as of June 30, 2022 (two years prior)).

During the year-ended June 30, 2024, the District paid approximately \$546,000 in tuition to CMTS for District students' participation in CMTS vocational education programs.

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Separate financial statements for the Columbia Montour Technical School are available at the District's administrative offices.

***Joint Venture – Renovation & Expansion Financing Commitment***

During July-August 2021, the CMTS Joint Operating Committee/Board of Directors, upon which the District has representation along with the other member districts, approved a plan to renovate and improve the CMTS' facilities. The cost of the renovation plan is estimated at approximately \$16,000,000 for which the proportional assessment attributable to Millville Area School District would be approximately \$1,000,000 based upon the District's proportional real estate value of approximately 5-6% of the combined CMTS Member Districts real estate tax base.

During the year-ended June 30, 2024, in addition to the tuition discussed above, the District provided the funding of approximately \$481,000, or 48% of its overall assessment, to CMTS for the current year installment on the anticipated CMTS facility renovation and improvement project. The District previously funded approximately \$270,000 and \$100,000 during its 2022-2023 and 2021-2022 fiscal years, respectively. These amounts have been included in vocational technical instructional expense on the District's Capital Projects fund.

**(b) Central Susquehanna Intermediate Unit**

The School District is a member and has representation on the Board of Directors of the Central Susquehanna Intermediation Unit # 16 (CSIU) (and the affiliated Trust discussed per Note 11 above). The District purchased approximately \$124,000 in goods and services from CSIU and the CSIU is the pass-through entity for the District's approximately \$158,000 of federal IDEA funding during the fiscal year ended June 30, 2024.

**Note 14. Postemployment Benefits Other Than Pensions– Multi-employer/Cost Sharing**

**PSERS Health Insurance Premium Assistance Program (the PSERS Plan)**

***General Information about the PSERS Plan:***

***1. Health Insurance Premium Assistance Program***

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium.

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To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2023 (for 2024), 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:

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

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

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

***Pension Plan description***

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

***Employer Contributions:***

The school districts' contractually required contribution rate for the fiscal years ended June 30, 2024 and 2023 were 0.64% and 0.75%, respectively, 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

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**Millville Area School District**  
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the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were approximately \$37,000 for the year ended June 30, 2024.

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

At June 30, 2024, the District reported a liability of \$725,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023 (for 2024), and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2022 to June 30, 2023. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2023 (for 2024), the District's proportion of was 0.0401%, which was a decrease of 0.0009 percentage points from its proportion of 0.0410% measured as of June 30, 2022 (for 2023) (an approx. 2.2% decrease).

For the year ended June 30, 2024, the District recognized OPEB expense of approximately \$16,000. At June 30, 2024, 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	\$ 5,000	\$ 7,000
Changes in assumptions	63,000	137,000
Net difference between projected and actual investment earnings	2,000	-
Changes in proportions	14,000	42,000
Contributions subsequent to the measurement date	36,673	-
	<u>\$ 120,673</u>	<u>\$ 186,000</u>

Deferred outflows resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

(Continued)

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Year ended June 30:		
2025	\$	(17,000)
2026		(22,000)
2027		(27,000)
2028		(33,000)
2029		(3,000)
	\$	<u>(102,000)</u>

**3. Actuarial Assumptions**

The Total OPEB Liability as of June 30, 2023 (for 2024), was determined by rolling forward the System's Total OPEB Liability as of June 30, 2022 to June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

- (a) *Actuarial cost method:* Entry Age Normal - level % of pay
- (b) *Investment return:* 4.13% (was 4.09%) - S&P 20 Year Municipal Bond Rate
- (c) *Salary growth:* Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases  
Premium Assistance reimbursement is capped at \$1,200 per year.  
Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year
- (d) *Mortality rates:* 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.
- (e) *Participation rate:* Eligible retirees will elect to participate Pre age 65 at 50%  
Eligible retirees will elect to participate Post age 65 at 70%  
63% of eligible retirees are assumed to elect premium assistance
- (f) *Employer contribution rate ((f) (i – iv)):* The results of the actuarial valuation as of June 30, 2021 determined the employer contribution rate for fiscal year 2023 (for 2024).

(Continued)

**Millville Area School District**  
Notes to Financial Statements  
June 30, 2024

- |  |  |
|--|--|
| (i) <i>Cost Method:</i>                                  | Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date   |
| (ii) <i>Asset valuation method:</i>                      | Market Value   |
| (iii) <i>Participation rate: (employer contribution)</i> | The actual data for retirees benefiting under the Plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.             |
| (iv) <i>Mortality rates (employer contribution)</i>      | 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***

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 PSERS 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 Rate of Return</u>
Cash	100.00%	1.20%
	100.00%	

The above was the PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2023 (for 2024).

***Discount rate***

The discount rate used to measure the Total OPEB Liability was 4.13% (was 4.09% in prior-year). Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates

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**Millville Area School District**  
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necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 4.13% which represents the S&P 20 year Municipal Bond Rate at June 30, 2023 (for 2024), was applied to all projected benefit payments to measure the total OPEB liability.

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

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

	<b>1% Decrease 3.13%</b>	<b>Current Discount Rate 4.13%</b>	<b>1% Increase 5.13%</b>
PSERS Plan			
net OPEB liability	\$ 820,000	\$ 725,000	\$ 646,000

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2023 (for 2024), retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2023 (for 2024), 92,677 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2023 (for 2024), 522 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the System net OPEB liability for June 30, 2023 (for 2024), calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if its health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

(Continued)

**Millville Area School District**  
Notes to Financial Statements  
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	1%	Healthcare Cost Trend Rate	1%
	Decrease	Current Rate	Increase
PSERS Plan			
net OPEB liability	\$ 725,000	\$ 725,000	\$ 726,000

***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).

**Note 15. Postemployment Benefits Other Than Pensions— Single Employer**

**Millville Area School District Postemployment Benefits Plan (the District Plan)**

***General Information About the District Plan:***

The District Plan, which is a District-specific, employer-sponsored OPEB plan for all eligible retirees who qualify and elect to participate.

The District Plan is a single-employer defined benefit plan administered by the District. The District Plan provides postemployment benefits to eligible retirees. The District Plan is established in accordance with Act 110 of October 20, 1988 and Act 43 of July 8, 1989 by which the Pennsylvania Public Education Code (the Code) was amended, obligating the District to make the school group health insurance coverage available to its retirees who have met certain criteria. Extension of coverage may continue until the retiree reaches Medicare eligibility or is covered by other insurance. The Code allows the District to charge retirees an amount not to exceed the premium determined for COBRA purposes.

The District Plan is unfunded and no financial report is prepared. The District Plan is authorized and under the control, maintenance and operation of the District's School Board. The benefits provided by the Plan are defined by the terms of the corresponding employment contract(s) and/or collective bargaining agreement(s) and typically include medical, prescription drug, dental and life insurance provided to certain eligible individuals and their spouses less the PSERS supplement (typically \$100 per month for benefit-eligible retirees (as discussed above), if applicable. The District accounts for all of its OPEB activity within its governmental activities; the amount attributable to its business-type activity is not material.

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**Millville Area School District**  
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**1. Plan Descriptions**

The District provides the following post employment health care plans which provide health insurance for qualified retirees:

1. *Administrators* - Benefit is coverage for medical, prescription drug, dental and vision. If the retired employee has at least 10 years of service with the District and is eligible to receive PSERS retirement payments within 1 year, the retiree may receive the same coverage and pay the same cost sharing as current Administrative employees for up to 5 years or until eligible for Medicare, whichever comes first. If, after 5 years, the member is eligible for the Act 110/43 benefit, the member may continue coverage, but must pay 100% of the related premiums. Administrators receiving medical coverage as retirees receive an annual HSA of \$2,000. This amount changed to \$1,500 for the 2023-24 school year and then to \$1,000 per year afterwards. Covered spouses also receive an HSA contribution in the same amount.
2. *All other Teachers and Professional Contract – Non-Union* - Benefits under the Act 110/43 COBRA Benefit Plan as described below.
3. *Support Staff (Cafeteria and Non-Cafeteria)* - Benefit is coverage for medical, prescription drug, dental and vision. Retirees having attained both 10 years of service with the District and retired at age 62 or retired under disability at age 59½ are eligible to pay the active employee cost sharing amount that he or she was paying as an active employee immediately preceding retirement. Additionally, the retiree must pay for any increases in the active employee cost sharing amount that occur after his or her retirement. Retirees are eligible for this benefit until eligible for Medicare.
4. *All employees - Benefit under the Act 110/43 COBRA Benefit Plan*- In accordance with 24 Pa. C.S.A. 8701 et seq, referred to as the “Public School Retirees’ Health Insurance Act”, qualified retired employees from each of the above listed employee classes are permitted to purchase insurance coverage for themselves and their dependents in the District’s group health plan at the COBRA rate until the retired employee reaches Medicare age. This program is administered through a combination of the District and an outside agency.
5. *Premium Assistance through the Pennsylvania School Employee Retirement System*- As above, in accordance legislation enacted by the Commonwealth of Pennsylvania, eligible retirees may receive up to \$100 per month in reimbursement to assist in the payment for basic health insurance. The Plan is administered by PSERS and funded by contributions from the school districts and the Commonwealth of Pennsylvania.

PSERS issues a comprehensive annual financial report that includes financial statements and required supplemental information on the plan. That report may be obtained by:

Telephone request at 1-888-773-7748

Email: See [www.psers.pa.gov](http://www.psers.pa.gov)

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**Millville Area School District**  
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*Funding Policy-* The plans for medical coverage for employees and the Act 110/43 COBRA Benefit Plans are funded by the District on a pay as you go basis to meet the obligations of the Plans. The Premium Assistance Plan is funded in accordance with legislation as enacted by the Commonwealth of Pennsylvania with school districts and the Commonwealth sharing in the funding of the Plan at a rate of 0.64% and 0.75% of eligible wages in the fiscal year ended June 30, 2024 and 2023, respectively. Such rate is subject to change. Refer to the PSERS information cited above for information as to the funding policies and status of this Plan.

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

At June 30, 2024, the District reported a liability of \$718,690 for its net OPEB liability under the District Plan. The net OPEB liability was measured as of July 1, 2023 (for 2024), and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the District Plan's total OPEB liability as of July 1, 2022 to July 1, 2023. The District is the only employer sponsoring the District Plan (i.e. proportion of the overall net OPEB liability attributable to the District is 100%).

For the year ended June 30, 2024, the District recognized OPEB expense of \$75,894. The OPEB expense is comprised of \$50,113 of service cost, \$34,015 of interest on the OPEB liability, and approximately (\$8,000) of amortization of deferred (inflows) (net) of resources.

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 60,769	\$ 112,904
Changes in assumptions	205,728	322,001
Contributions subsequent to the measurement date	32,421	-
	<u>\$ 298,918</u>	<u>\$ 434,905</u>

Deferred outflows resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

(Continued)

**Millville Area School District**  
Notes to Financial Statements  
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Year ended June 30:

2025	(8,234)
2026	(8,234)
2027	(8,234)
2028	(8,234)
2029	(8,234)
Thereafter	(127,238)
	\$ (168,408)

**3. Actuarial Assumptions**

The Total OPEB Liability as of June 30, 2023/July 1, 2023, was determined by rolling forward the District's Total OPEB Liability as of July 1, 2022 to July 1, 2023 (for 2024) using the following actuarial assumptions, applied to all periods included in the measurement:

- (a) *Actuarial cost method:* Entry Age Normal - level % of pay
- (b) *Interest rate:* 4.13% (was 4.06%) - S&P 20 Year Municipal Bond Rate at July 1, 2021.
- (c) *Salary growth:* An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of 2.5% cost of living adjustment, 1% real wage growth, and, for teachers and administrators, a merit increase which varies by age from 2.75% to 0%. Premium Assistance reimbursement is capped at \$1,200 per year.
- (d) *Mortality rates:* Separate rates are assumed preretirement and postretirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation. Incorporated into the table are rates projected generationally by the Buck Modified 2016 projection scale to reflect mortality improvement. No disability was assumed.
- (e) *Participation rate:* Assumed retirement rates are based on PSERS plan experience and vary by age, service, and gender.

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**Millville Area School District**  
Notes to Financial Statements  
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100% of members eligible to received  
subsidized benefits and 60% of members  
eligible for ACT 110/43 COBRA benefits are  
assumed to elect coverage.

***Actuarial Cost Method – Entry Age Normal***

Under the Entry Age Normal Cost Method, the Normal Cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The Accrued Liability as of the valuation date is the excess of the present value of future benefits over the present value of future Normal Cost. The Unfunded Accrued Liability is the excess of the Accrued Liability over the Actuarial Value of Assets. Actuarial gains and losses serve to reduce or increase the Unfunded Accrued Liability.

The OPEB liability includes the amounts due retired employees under retiree health insurance plans, the amount determined as the implicit subsidy included in active employee insurance premiums for retirees purchasing health insurance through the District health plan, and amounts actuarially determined to be earned by current employees.

***Funding Policy***

The plans for medical coverage for employees and the Act 110/43 COBRA Benefit Plans are funded by the District on a pay as you go basis to meet the obligations of the Plans. As summarized in these Notes to the Financial Statements the Premium Assistance Plan is funded in accordance with legislation as enacted by the Commonwealth of Pennsylvania with school districts and the Commonwealth sharing in the funding of the Plan at a rate of 0.64% and 0.75% of eligible wages in the fiscal year ended June 30, 2024 and 2023, respectively. Such rate is subject to change. Refer to the PSERS information cited above for information as to the funding policies and status of this Plan.

***Funded Status***

The District Plan is funded on a “pay as you go” basis as of July 1, 2023, the most recent actuarial valuation date. As described, the Unfunded Accrued Liability is the excess of the Accrued Liability over the Actuarial Value of Assets. The Actuarial Value of Assets is \$0 for this purpose at June 30, 2024 and 2023, respectively.

The actuarial assumptions included a 4.13% interest rate (was 4.06% in prior-year), which is the expected rate to be earned on the District's deposits.

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**Millville Area School District**  
Notes to Financial Statements  
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***Actuarial Methods and Assumptions***

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Actuarial amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The calculations are based on the types of benefits provided under the terms of the substantive plan at the time of valuation and on the pattern of cost sharing between the employer and plan members. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

***Discount rate***

The discount rate used to measure the Total OPEB Liability was 4.13% (was 4.06% in prior-year). Due to the short term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 4.13% which represents the S&P 20 year Municipal Bond Rate at July 1, 2023, was applied to all projected benefit payments to measure the total OPEB liability.

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

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

	<b>1% Decrease 3.13%</b>	<b>Current Discount Rate 4.13%</b>	<b>1% Increase 5.13%</b>
District Plan			
net OPEB liability	\$ 772,200	\$ 718,690	\$ 668,296

(Continued)

**Millville Area School District**  
Notes to Financial Statements  
June 30, 2024

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

The health care cost trend rate was 7.0% in 2023, with 0.5% decreases annually until 5.5% in 2026. Rates gradually decrease from 5.4% in 2027 to 4.1% in 2075 and later, based upon the Society of Actuaries Long-Run Medical Cost Trend Model.

The following presents the District Plan net OPEB liability for June 30, 2024, calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if it health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	<b>Healthcare Cost Trend Rate</b>		
	<b>1% Decrease</b>	<b>Current Rate</b>	<b>1% Increase</b>
District Plan net OPEB liability	\$ 645,739	\$ 718,690	\$ 805,151

As detailed the “Fund Balance” footnote below, the District has committed General Fund fund balance in an amount in reference to the unfunded actuarially determined liability for post-employment healthcare benefits.

**Note 16. Accounting for Software/IT Subscriptions**

During the fiscal year ended June 30, 2023, the District adopted GASB Statement No. 96 *Subscription-Based Information Technology Arrangements* (GASB No. 96). The District has identified certain agreements within the scope of GASB No. 96. The agreements, which are primarily for financial and operational support and include student information and classroom materials. District management has evaluated the commitments under the terms of the respective agreements to be immaterial individually, and in the aggregate, relative to the financial statements taken as a whole and in the context of the District’s other long term, debt and debt service commitments. The District has not recognized a GASB No. 96 subscription asset or liability relative to these immaterial items in the accompanying financial statements.

**Note 17. Fund Balance**

The District’s accounting policies discussed further per note 1.G. – *Summary of Significant Accounting Policies – Assets, Liabilities and Net Position/Fund Balance – Fund Balance*. The following is a schedule of fund balances:

(Continued)

**Millville Area School District**  
**Notes to Financial Statements**  
June 30, 2024

<b>Fund balances:</b>	<b>General Fund</b>	<b>Capital Reserve Fund</b>	<b>Capital Projects Fund</b>	<b>Scholarship Fund</b>	<b>Student Activities Fund</b>	<b>Total</b>
<b>Nonspendable:</b>						
Prepaid expenses	\$ 149,540	\$ -	\$ -	\$ -	\$ -	\$ 149,540
<b>Restricted for:</b>						
Scholarships	-	-	-	95,413	-	95,413
Student sponsored activities	-	-	-	-	72,243	72,243
<b>Committed to:</b>						
Compensated absences	275,482	-	-	-	-	275,482
Post-employment health care	816,080	-	-	-	-	816,080
Future retirement funding rate changes	640,146	-	-	-	-	640,146
Future CMAVTS assessments	100,000	-	-	-	-	100,000
Technology reserve	350,000	-	-	-	-	350,000
Capital improvements	1,368,292	-	-	-	-	1,368,292
<b>Assigned to:</b>						
Unspecified capital projects	-	2,795,965	-	-	-	2,795,965
Debt service	-	-	390,447	-	-	390,447
<b>Unassigned:</b>	2,967,315	-	-	-	-	2,967,315
<b>Total fund balances</b>	<b>\$ 6,666,855</b>	<b>\$ 2,795,965</b>	<b>\$ 390,447</b>	<b>\$ 95,413</b>	<b>\$ 72,243</b>	<b>\$ 10,020,923</b>

**Note 18. Tax Abatements**

During the fiscal year ended June 30, 2017, the District adopted GASB Statement No. 77 *Tax Abatements* (GASB No. 77). The following is a corresponding disclosure of the District's applicable participation in various tax abatement programs:

***Homestead Tax Exemption***

The District enters into property tax abatement agreements with local residents under the state's Taxpayer Relief Act, Act 1 of Special Session 1 of 2006 (The Taxpayer Relief Act). The Taxpayer Relief Act provides for property tax reduction allocations to be distributed by the Commonwealth to each school district. Property tax reduction will be through a "homestead or farmstead exclusion."

Generally, most owner-occupied homes and farms are eligible for property tax reduction. Only a primary residence is eligible for property tax relief. During the year ended June 30, 2023, the District abated, and received corresponding funding from the Commonwealth, property taxes levied in the amount of approximately \$358,000.

***Other Tax Abatement Programs***

The District does not have any property or other taxes abated under significant Commonwealth of Pennsylvania economic development programs such as Keystone

(Continued)

**Millville Area School District**  
Notes to Financial Statements  
June 30, 2024

Opportunity Zones (KOZ) or Local Economic Revitalization Tax Assistance (LERTA).

From time to time individuals or organizations may qualify for a tax abatement, such as for a disability, veteran status, or a combination of these and/or similar preferences. Such abatements are typically short in duration and are not significant individually or in the aggregate.

**Note 19. Subsequent Events**

Subsequent events have been evaluated through March 31, 2025, which is the date the financial statements were available to be issued. No reportable subsequent events were identified other than those accrued in the accompanying statement of net position and/or governmental funds balance sheet and the following:

***Coronavirus – COVID-19 Pandemic Funding:***

During March 2020, the pandemic outbreak of the COVID-19 strain of coronavirus resulted in the declaration of national and Commonwealth of Pennsylvania states of emergency. The District continues to explore and has identified certain operational adaptations to allow for the continued delivery of educational and other services. Additionally, the District and most, if not all, other School Districts in the Commonwealth have received appropriations of significant federal and state grant funding in support of pandemic mitigation, re-opening, and operating efforts. Certain current year expenditures of those grant amounts, generally identified with “COVID-19” in the grant descriptions and identifier information, and other related information are summarized per Supplementary Information accompanying these financial statements and notes.

The District’s fiscal year ending June 30, 2025 is the last year in which the District expects any significant realization or recognition relative to COVID-19-related amounts pertaining to the aforementioned federal and state grant funding streams.

***Borrowing – Facility Upgrades:***

The District has announced its intention to borrow approximately \$1.5-million (in the general obligation form of bond, note or loan to be determined), to be utilized in coordination with the expenditure of approximately \$1-million of capital reserve funds, in support of a facility upgrade capital expenditure project. The purpose of the project is to improve energy efficiency and overall heating, ventilating, and air conditioning and other core facility systems operations at the District’s elementary and secondary school facilities. The District expects the borrowing transaction will close either in the fourth fiscal quarter of the 2024-2025 fiscal year ending June 30, 2025 or early in the 2025-2026 fiscal year. The District expects to commence upgrade project activities before the end of the 2024-2025 to allow for completion stages relative to the beginning of the 2025-2026 school year.

**Millville Area School District**  
**Required Supplementary Information**  
**June 30, 2024**  
**(UNAUDITED)**

*Schedule of the District's Proportionate Share of the Net Pension Liability*

Fiscal Year Ended	District's proportion of the net pension liability (asset)	District's proportionate share of the net pension liability (asset)	District's covered- employee Payroll	District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
June 30, 2024	0.0401%	\$ 17,839,000	\$ 5,730,181	311.32%	61.85%
June 30, 2023	0.0410%	18,228,000	5,888,581	309.55%	61.34%
June 30, 2022	0.0427%	17,531,000	5,995,178	292.42%	63.67%
June 30, 2021	0.0429%	21,124,000	6,056,726	348.77%	54.32%
June 30, 2020	0.0418%	19,555,000	5,948,780	328.72%	55.66%
June 30, 2019	0.0414%	19,874,000	5,630,804	352.95%	54.00%
June 30, 2018	0.0408%	20,150,000	5,445,993	370.00%	51.84%
June 30, 2017	0.0403%	19,971,000	5,304,603	376.48%	50.14%
June 30, 2016	0.0361%	15,637,000	5,073,500	308.21%	54.36%
June 30, 2015	0.0352%	13,932,000	4,613,883	301.96%	57.24%

This schedule is presented to fulfill the requirement, upon the adoption of GASB No. 68, to show certain pension related information for 10 years. Previously, prior to the compilation of a full 10-year trend, governments/the District presented information for those years for which information was available.

The District adopted the provisions of GASB No. 68, for the year ended June 30, 2015 in accordance with accounting principles generally accepted in the United States of America. Therefore, information for years prior to 2015 is not available for reporting and is/was not presented.

Unaudited - Required Supplementary Information  
*See accompanying Independent Auditor's Report*



**Millville Area School District**  
**Required Supplementary Information**  
**June 30, 2024**  
**(UNAUDITED)**

*Schedule of the District's Pension Contributions*

<u>Fiscal Year Ended</u>	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered- employee Payroll</u>	<u>Contributions as a percentage of covered-employee payroll</u>
June 30, 2024	\$ 1,896,117	\$ 1,896,117	\$ -	\$ 5,730,181	33.09%
June 30, 2023	2,020,372	2,020,372	-	5,888,581	34.31%
June 30, 2022	2,037,761	2,037,761	-	5,995,178	33.99%
June 30, 2021	2,029,609	2,029,609	-	6,056,726	33.51%
June 30, 2020	1,984,513	1,984,513	-	5,948,780	33.36%
June 30, 2019	1,835,642	1,835,642	-	5,630,804	32.60%
June 30, 2018	1,728,558	1,728,558	-	5,445,993	31.74%
June 30, 2017	1,548,944	1,548,944	-	5,304,603	29.20%
June 30, 2016	1,268,375	1,268,375	-	5,073,500	25.00%
June 30, 2015	933,369	933,369	-	4,613,883	20.23%

This schedule is presented to fulfill the requirement, upon the adoption of GASB No. 68, to show certain pension related information for 10 years. Previously, prior to the compilation of a full 10-year trend, governments/the District presented information for those years for which information was available.

The District adopted the provisions of GASB No. 68, for the year ended June 30, 2015 in accordance with accounting principles generally accepted in the United States of America. Therefore, information for years prior to 2015 is not available for reporting and is/was not presented.

Unaudited - Required Supplementary Information  
*See accompanying Independent Auditor's Report*

**Millville Area School District**  
**Required Supplementary Information**  
**June 30, 2024**  
**(UNAUDITED)**

*Schedules of Changes in the District's Total OPEB Liability and Related Ratios*  
*Millville Area School District Postemployment Benefits Plan*

	Fiscal Year ending June 30,						
	2024	2023	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>							
Service Cost	\$ 50,113	\$ 80,266	\$ 96,689	\$ 72,759	\$ 59,005	\$ 55,159	\$ 56,456
Interest	34,015	25,923	21,899	34,450	23,834	24,980	19,767
Changes of benefit terms	-	-	19,488	-	-	-	(62,050)
Differences between expected and actual experience	(89,581)	-	(37,284)	-	91,154	-	-
Changes of assumptions or other inputs	(39,550)	(304,770)	(30,363)	112,401	119,831	1,343	79,899
Benefit Payments	(52,387)	(91,732)	(97,579)	(84,183)	(79,665)	(88,244)	(88,910)
Net change in total OPEB liability	(97,390)	(290,313)	(27,150)	135,427	214,159	(6,762)	5,162
Total OPEB liability-beginning	816,080	1,106,393	1,133,543	998,116	783,957	790,719	785,557
Total OPEB liability-ending	718,690	816,080	1,106,393	1,133,543	998,116	783,957	790,719
Covered employee payroll	5,118,527	4,974,530	4,974,530	5,171,182	5,171,182	5,010,967	5,010,967
Total OPEB liability as a percentage of covered-employee payroll	14.04%	16.41%	22.24%	21.92%	19.30%	15.64%	15.78%

**Notes to Schedule:**

**Presentation:** This schedule is presented using the optional format of combining schedules in paragraphs 170a and 170b of GASB No. 75.

**Changes of Assumptions:**

**For each of the following – discount rate changes are in reference to updated PSERS rate assumptions and the initial recognition period has been 14-years:**

**2023-2024:** The discount rate changed from 4.06% to 4.13%.

**2022-2023:** The discount rate changed from 2.28% to 4.06%.

**2021-2022:** The discount rate changed from 1.86% to 2.28%.

**2020-2021:** The discount rate changed from 3.36% to 1.86%.

**2019-2020:** The discount rate changed from 2.98% to 3.36%.

**2018-2019:** The discount rate changed from 3.13% to 2.98%.

**2017-2018:** The discount rate changed from 2.49% to 3.13%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal, and retirement were updated based upon new PSERS assumptions.

This schedule is presented to fulfill the requirement, upon the adoption of GASB No. 75, to show certain pension related information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

The District adopted the provisions of GASB No. 75, for the year ended June 30, 2018 in accordance with accounting principles generally accepted in the United States of America. Therefore, information for years prior to 2018 is not available for reporting and is not presented.

Unaudited - Required Supplementary Information  
See accompanying Independent Auditor's Report

**Millville Area School District**  
**Required Supplementary Information**  
**June 30, 2024**  
**(UNAUDITED)**

*Schedule of the District's Proportionate Share of the Net OPEB Liability*  
*PSERS Health Insurance Premium Assistance Program*

Fiscal Year Ended	District's proportion of the net OPEB liability (asset)	District's proportionate share of the net OPEB liability (asset)	District's covered- employee Payroll	District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
June 30, 2024	0.0401%	\$ 725,000	\$ 5,730,181	12.65%	7.22%
June 30, 2023	0.0410%	\$ 755,000	\$ 5,888,581	12.82%	6.86%
June 30, 2022	0.0427%	\$ 1,011,000	\$ 5,995,178	16.86%	5.30%
June 30, 2021	0.0429%	\$ 927,000	\$ 6,056,726	15.31%	5.69%
June 30, 2020	0.0418%	\$ 889,000	\$ 5,948,780	14.94%	5.56%
June 30, 2019	0.0414%	\$ 863,000	\$ 5,630,804	15.33%	5.56%
June 30, 2018	0.0408%	\$ 831,000	\$ 5,445,993	15.26%	5.73%

This schedule is presented to fulfill the requirement, upon the adoption of GASB No. 75, to show certain pension related information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

The District adopted the provisions of GASB No. 75, for the year ended June 30, 2018 in accordance with accounting principles generally accepted in the United States of America. Therefore, information for years prior to 2018 is not available for reporting and is not presented.

Unaudited - Supplementary Information  
*See accompanying Independent Auditor's Report*

**Millville Area School District**  
**Required Supplementary Information**  
**June 30, 2024**  
**(UNAUDITED)**

*Schedule of the District's OPEB Contributions*  
*PSERS Health Insurance Premium Assistance Program*

<u>Fiscal Year Ended</u>	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered- employee Payroll</u>	<u>Contributions as a percentage of covered-employee payroll</u>
June 30, 2024	\$ 36,673	\$ 36,673	\$ -	\$ 5,730,181	0.64%
June 30, 2023	\$ 44,164	\$ 44,164	\$ -	\$ 5,888,581	0.75%
June 30, 2022	\$ 47,961	\$ 47,961	\$ -	\$ 5,995,178	0.80%
June 30, 2021	\$ 49,665	\$ 49,665	\$ -	\$ 6,056,726	0.82%
June 30, 2020	\$ 49,969	\$ 49,969	\$ -	\$ 5,948,780	0.84%
June 30, 2019	\$ 46,736	\$ 46,736	\$ -	\$ 5,630,804	0.83%
June 30, 2018	\$ 45,202	\$ 45,202	\$ -	\$ 5,445,993	0.83%

This schedule is presented to fulfill the requirement, upon the adoption of GASB No. 75, to show certain pension related information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

The District adopted the provisions of GASB No. 75, for the year ended June 30, 2018 in accordance with accounting principles generally accepted in the United States of America. Therefore, information for years prior to 2018 is not available for reporting and is not presented.

Unaudited - Supplementary Information  
*See accompanying Independent Auditor's Report*

## **Richard B. Snodgrass & Co.**

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

Board of Directors  
Millville Area School District  
330 East Main Street  
Millville, Pennsylvania 17846

We have audited, in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Millville Area School District (the District) for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 31, 2025.

#### ***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 combination of deficiencies, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 my 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Richard B. Snodgrass & Co.  
Montoursville, Pennsylvania  
March 31, 2025

**Millville Area School District**  
**Schedule of Expenditures of Federal (and State) Awards**

**Year Ended June 30, 2024**

Program Title	PAL Number	Funding Code	Grantor's Pass Thru Number	Grant Period Beginning/ Ending Date	Sc. Code	Program or Award Amt.	Total Received For Year	Accrued or (Deferred) 7/1/2023	Revenue Recognized	Expenditures	Accrued or (Deferred) 6/30/2024	Passed thru to sub-recipients For year ended 6/30/2024
<b>U.S. Department of Agriculture-</b>												
<b>Passed Through the Pennsylvania Department of Education:</b>												
COVID-19-P-EBT Local Admin Funds	10.649	I	N/A	7/1/22-6/30/24	F	653.00	\$ 653.00	\$ -	\$ 653.00	\$ 653.00	\$ -	\$ -
<b>Child Nutrition Cluster:</b>												
COVID-19-Supply Chain Assistance	10.555	I	N/A	7/1/23-6/30/24	F	17,383.63	17,383.63	-	17,383.63	17,383.63	-	-
COVID-19-Supply Chain Assistance	10.555	I	N/A	7/1/22-6/30/23	F	25,597.11	-	(10,173.08)	10,173.08	10,173.08	-	-
National School Lunch	10.555	I	N/A	7/1/23-6/30/24	F	N/A	142,980.14	-	142,980.14	142,980.14	-	-
National School Lunch	10.555	I	N/A	7/1/22-6/30/23	F	N/A	1,461.14	-	-	-	-	-
Total-National School Lunch Program							161,824.91	(8,711.94)	170,536.85	170,536.85	-	-
National Breakfast	10.553	I	N/A	7/1/23-6/30/24	F	N/A	107,067.19	-	107,067.19	107,067.19	-	-
National Breakfast	10.553	I	N/A	7/1/22-6/30/23	F	N/A	1,557.19	1,557.19	-	-	-	-
Total-National School Breakfast Program							108,624.38	1,557.19	107,067.19	107,067.19	-	-
Totals-Child Nutrition Cluster-Cash Assistance							270,449.29	(7,154.75)	277,604.04	277,604.04	-	-
<b>Passed Through the Pennsylvania Department of Agriculture:</b>												
National School Lunch Commodities	10.555	I	N/A	7/1/22-6/30/23	F	N/A	23,710.38	(2,028.83)	23,710.38	21,373.93	(4,365.28) 1.	-
Totals-Child Nutrition Cluster-Non-Cash Assistance							23,710.38	(2,028.83)	23,710.38	21,373.93	(4,365.28)	-
Totals-Nutrition Cluster							294,159.67	(9,183.58)	301,314.42	298,977.97	(4,365.28)	-
<b>Total U.S. Department of Agriculture</b>							\$ 294,159.67	\$ (9,183.58)	\$ 301,967.42	\$ 299,630.97	\$ (4,365.28)	\$ -
<b>Non-Federal Funds - Passed Through the Pennsylvania Department of Education:</b>												
State Lunch Program	N/A	N/A	N/A	7/1/23-6/30/24	S	N/A	\$ 7,383.72	\$ -	\$ 7,383.72	\$ 7,383.72	\$ -	\$ -
State Lunch Program	N/A	N/A	N/A	7/1/22-6/30/23	S	N/A	72.52	72.52	-	-	-	-
State Breakfast	N/A	N/A	N/A	7/1/23-6/30/24	S	N/A	6,429.30	-	6,429.30	6,429.30	-	-
State Breakfast	N/A	N/A	N/A	7/1/22-6/30/23	S	N/A	98.50	98.50	-	-	-	-
State Breakfast Initiative	N/A	N/A	N/A	7/1/23-6/30/24	S	N/A	69,703.10	-	69,703.10	69,703.10	-	-
State Breakfast Initiative	N/A	N/A	N/A	7/1/22-6/30/23	S	N/A	1,072.76	1,072.76	-	-	-	-
							\$ 84,759.90	\$ 1,243.78	\$ 83,516.12	\$ 83,516.12	\$ -	-
<b>U.S. Department of Education-</b>												
<b>Passed Through the Pennsylvania Department of Education:</b>												
Title I	84.010	I	013-230255	10/12/22-9/30/23	F	\$ 220,933	\$ 73,644.32	\$ 206,604.80	\$ 14,328.20	\$ 14,328.20	\$ 147,288.68	\$ -
Title I	84.010	I	013-220255	8/13/21-9/30/22	F	233,656	183,586.87	183,586.87	-	-	-	-
Title I	84.010	I	013-240255	9/22/23-9/30/24	F	267,281	-	-	267,281.00	267,281.00	267,281.00	-
Total-Title I Program (PAL# 84.010)							257,231.19	390,191.67	281,609.20	281,609.20	414,569.68	-
Title IIA Improv Teacher	84.367	I	020-230255	10/12/22-9/30/23	F	27,190	9,063.22	27,190.00	-	-	18,126.78	-
Title IIA Improv Teacher	84.367	I	020-240255	9/22/23-9/30/24	F	31,844	-	-	10,250.00	10,250.00	10,250.00	-
Total-Title II Program (PAL# 84.367)							9,063.22	27,190.00	10,250.00	10,250.00	28,376.78	-
Title IV Student Support & Academic Enrichment Grants	84.424	I	144-230255	10/12/22-9/30/23	F	18,262	6,087.32	1,543.73	16,718.27	16,718.27	12,174.68	-
Title IV Student Support & Academic Enrichment Grants	84.424	I	144-220255	8/13/21-9/30/22	F	13,029	10,237.08	10,237.08	-	-	-	-
Title IV Student Support & Academic Enrichment Grants	84.424	I	144-240255	9/22/23-9/30/24	F	17,296	-	-	8,018.39	8,018.39	8,018.39	-
Total-Title IV Program (PAL# 84.424)							16,324.40	11,780.81	24,736.66	24,736.66	20,193.07	-

The accompanying notes are an integral part of this Schedule.





**Millville Area School District**  
Notes to the Schedule of Expenditures of Federal (and State) Awards

Year Ended June 30, 2024

**A. Basis of Presentation**

The accompanying schedule of expenditures of federal (and state) awards (the Schedule) includes the federal and certain related state grant activity of the Millville Area School District (the District). 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 District's operations, it is not intended to and does not present the District's financial position, changes in net assets/fund balance, or cash flows.

**B. Summary of Significant Accounting Policies**

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 the amounts of expenditures reported and deferred amounts.

**C. USDA Donated Commodities**

Deferred balances at the beginning and end of the fiscal year represent inventories of USDA donated commodities. Such commodity inventories are valued at USDA provided unit values.

**D. Indirect Cost Rate**

The accompanying Schedule does not include indirect costs related to the operation of the District's federal and related state grant programs. The District has utilized neither a federally negotiated rate nor the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance to capture and include any such indirect costs associated with federal awards.

**E. Subrecipient Status**

The District is a subrecipient of federal awards, does not function as a pass-through to other subrecipients, and \$0 of the District's grant awards have been passed-through.

**Richard B. Snodgrass & Co.**

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE *UNIFORM GUIDANCE***

Board of Directors  
Millville Area School District  
330 East Main Street  
Millville, Pennsylvania 17846

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

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

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

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

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Auditors Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the 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 opinion on compliance for each

major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

### ***Management's Responsibility for Compliance***

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

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

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's 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 GAAS and *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 one 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 substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major program as a whole.

In performing an audit in accordance with GAAS and GAS and the *Uniform Guidance*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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 does not allow management or employees, in the normal course of performing their assigned functions, to prevent,

or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of control 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 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 Auditors 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 described 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, we do not express an opinion on the effectiveness of the District's internal control over compliance.

***Purpose of this Report***

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 result of that testing based on the requirements of the *Uniform Guidance*. Accordingly, this report is not suitable for any other purpose.



Richard B. Snodgrass & Co.  
Montoursville, Pennsylvania  
March 31, 2025

**Millville Area School District**  
Single Audit Report  
Schedule of Findings and Questioned Costs

June 30, 2024

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

<b><i>Financial Statements</i></b>		
Type of report the auditor issued on whether the financial statements were prepared in accordance with GAAP:		
<i>The auditor's report on the basic financial statements is <b>unmodified</b>.</i>		
• Material weakness(es) identified?	___ Yes	<u> X </u> No
• Significant deficiency(ies) identified?	___ Yes	<u> X </u> No
Noncompliance material to financial statements noted?	___ Yes	<u> X </u> No
<b><i>Federal Awards</i></b>		
Internal control over major federal programs:		
• Material weakness(es) identified?	___ Yes	<u> X </u> No
• Significant deficiency(ies) identified?	___ Yes	<u> X </u> No
Type of auditor's report issued on compliance for major federal programs:		
<i>The auditor's report on compliance for major programs is <b>unmodified</b></i>		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___ Yes	<u> X </u> No
Identification of major federal programs:		
PAL Number(s):	Name of Federal Program or Cluster:	
PAL# 84.425D/U	Elementary and Secondary School Emergency Relief/Education Stabilization Fund	
Dollar threshold used to distinguish between type A and type B programs:	<u> \$750,000 </u>	
Auditee qualified as low- risk auditee?	<u> X </u> Yes	___ No

See also the accompanying notes to this Schedule

**Millville Area School District**  
Single Audit Report  
Schedule of Findings and Questioned Costs

June 30, 2024  
(Continued)

**Section II      Financial Statement Findings:**

Financial statement Findings which are required to be reported under generally accepted government auditing standards:

There were **no** such findings/matters reported.

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

There were **no** such findings/matters reported.

See also the accompanying notes to this Schedule

**Millville Area School District**  
**Single Audit Report**  
Notes to the Schedule of Findings and Questioned Costs

June 30, 2024

**Note A. Calculation of the 40%/20% Rule**

Major programs were evaluated/selected representing the following percentages of total Federal Expenditures:

Major Program(s)	PAL#	%	Expenditures	Single Audit Treatment
COVID-19-ESSER/Education Stabilization Fund	84.425D	43.3%	\$ 591,692	Type B-Major
Totals		43.3%	\$ 591,692	
Other Programs		56.7%	\$ 774,419	
Total Federal Expenditures		100.0%	\$ 1,366,111	(Note B.)

**Note B. Reconciliation of Total Federal Expenditures**

Total Federal Expenditures per Note A above are total expenditures per the Schedule of Expenditures of Federal (and State) awards as follows:

Total Federal (and State) Expenditures are total expenditures per schedule of:	\$	1,449,627
<i>less</i> State lunch reimbursements of:		(7,384)
<i>less</i> State breakfast reimbursements of:		(76,132)
	\$	<u>1,366,111</u>

**Note C. Selection of Major Programs**

The selection of major programs was done utilizing a risk-based approach in accordance with Title 2 U.S. Code of Federal Regulations Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Based upon the applicable Type A vs. Type B program threshold of \$750,000 based upon Federal Expenditure level, the District has no Type A programs. As a result, the District has no Type A programs evaluated as low risk.

**Millville Area School District**  
Single Audit Report  
Schedule of Prior Findings and Questioned Costs

June 30, 2024

There are no prior findings or questioned costs required to be reported under OMB A-133 (prior periods)/the Uniform Guidance.



**Millville Area School District**  
Financial Statements, Single Audit Reports, and  
Supplementary Information  
June 30, 2024

**LIST OF REPORT DISTRIBUTION**

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Special Audit Services Division  
Forum Place—8<sup>th</sup> Floor  
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c/o EMMA Dataport  
[www.msrb.org](http://www.msrb.org)

**Millville Area School District**  
Financial Statements and  
Supplementary Information  
Lead Auditor Information

June 30, 2024

Lead Auditor:

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Licensing:

Richard B. Snodgrass & Co. is a Pennsylvania sole proprietorship which is owned and operated by David D. Snodgrass, CPA.

David D. Snodgrass, CPA, is licensed to do business in the Commonwealth of Pennsylvania (PA License No. CA-051085) where the District is located and where the accounting records are maintained.