

GREENSBURG SALEM SCHOOL DISTRICT

**REISSUED
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

GREENSBURG SALEM SCHOOL DISTRICT
YEAR ENDED JUNE 30, 2023

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Independent Auditor's Report

Members of the Board
Greensburg Salem School District
Westmoreland County, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Greensburg Salem School District (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Greensburg Salem School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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 District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year after the date the financial statements are issued.



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Auditor's Responsibilities for the Audit of the Financial Statement

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

In performing an audit in accordance with GAAS, 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about 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 internal control-related matters that we identified during the audit.



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Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison – General Fund, Schedules of Changes in the Total OPEB Liability and Related Ratios – Retirees Health Plan, Schedule of the District's Proportionate Share of Net OPEB Liability - PSERS Plan, Schedules of the District's OPEB contributions – PSERS Plan, Schedule of the District's Proportionate Share of the Net Pension Liability- Last 10 Years, and Schedule of the District's Contributions- last 10 years information, as listed as required supplemental information in the table of contents, presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The Combining Other Non-Major Governmental Financial Statements, as listed as other supplementary information in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements.

The Combining Other Non-Major Governmental Fund Financial Statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



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Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 6, 2024 on our consideration of the Greensburg Salem School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 and should be considered in assessing the results of our audit.

Zelenkofske Axlerod LLC
ZELENKOFKSKE AXELROD LLC

June 6, 2024
Pittsburgh, Pennsylvania

**GREENSBURG SALEM SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

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

The discussion and analysis of the Greensburg Salem School District's financial reporting provides an overall perspective of the District's financial activities for the fiscal year ended June 30, 2023. As this analysis is intended to be an overall District review, the readers should also examine the financial statements as well as the notes to the financial statements to enhance their understanding of the District's financial performance. Also, the District has provided comparative data for the prior year ended June 30, 2022 and the current year for this Management's Discussion and Analysis.

FINANCIAL STATEMENTS

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

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

The second series of reports are fund specific and detail the individual operations within each governmental fund as well as the proprietary and fiduciary funds. Most of the District's financial activities are reported in the governmental funds as noted above. These funds are reported on a modified accrual accounting basis that focuses on 1) how cash and other financial assets that can be readily converted to cash, flow in and out and 2) the balances left at year-end that are available for spending. Accordingly, this basis of accounting details primarily short-term operations. The proprietary fund statements account for District activities, which are similar to a business or the private sector operations. The focus of this fund is on net income and financial position. A significant portion of this income is derived from user charges. The District also operates a Fiduciary Fund that is excluded from government-wide reporting. These funds cannot be used to finance any other District operations.

**GREENSBURG SALEM SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

FINANCIAL ANALYSIS – GOVERNMENT-WIDE STATEMENTS

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

The District's total assets and deferred outflows of resources are valued at \$58,352,512. Capital assets (net of depreciation) totaling \$20,393,176, represent 35% of the District's government-wide assets and deferred outflows of resources. The remaining 65% of government-wide assets and deferred outflows of resources are comprised of current assets such as cash/cash equivalents, investments and short-term receivables totaling \$19,832,361 (34%), and deferred outflows of resources for the District's pension and OPEB plans totaling \$18,126,975 (31%).

The District governmental and business-type activity liabilities and deferred inflows of resources of \$98,513,233 are comprised of 15% (\$14,936,505) in current obligations and 85% (\$83,576,728) in long-term obligations and deferred inflows of resources. Current obligations consist primarily of accrued salaries and benefits as well as the School District's Bonds Payable at June 30, 2023 totaled \$5,975,000.

The District's Net OPEB liability is \$10,272,228 as of June 30, 2023. Compensated absences increased in 2022-2023 from \$970,529 to \$985,487.

On June 30, 2022, the District reported a net position deficit as restated of (\$45,203,518). For the current year ended June 30, 2023, the District's net position deficit has improved to (\$40,160,721). As previously mentioned, the most significant portion of the District's deficit net position is its net pension liability of \$56,818,247.

General revenues for governmental activities as displayed in the Statement of Activities for 2022/2023 compared to 2021/2022 are as follows:

	<u>2023</u>	<u>2022</u>
Revenues:		
Local Sources	\$ 26,393,234	26,192,820
State Sources	21,466,878	19,764,303
Federal Sources	4,156,850	6,300,394
Total Revenues	<u>\$ 52,016,962</u>	<u>\$ 52,257,517</u>

The District's real estate tax millage remained at 89.72 for 2022-2023 year, same as the 2021-2022 fiscal year.

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

**GREENSBURG SALEM SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

FINANCIAL ANALYSIS – GOVERNMENT-WIDE STATEMENTS (CONTINUED)

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

	<u>2023</u> <u>Total Cost</u> <u>of Services</u>	<u>2022</u> <u>Total Cost</u> <u>of Services</u>	<u>2023</u> <u>Net Cost</u> <u>of Services</u>	<u>2022</u> <u>Net Cost</u> <u>of Services</u>
Program:				
Instructional	\$ 29,898,877	\$ 32,498,232	\$ 23,261,722	\$ 21,645,228
Support Services	14,235,045	9,594,551	7,961,710	8,207,700
Non-instructional services	3,163,885	1,066,682	2,178,510	918,826
Interest on Long-Term Debt	54,505	276,780	54,505	149,153
Capital Outlay	-	89,506	-	(2,537,694)
Food Service	1,563,130	1,502,026	(378,147)	(524,382)
Total	<u>\$ 48,915,442</u>	<u>\$ 45,027,777</u>	<u>\$ 33,078,300</u>	<u>\$ 27,858,831</u>

The District continues to research ways to get students back into our buildings to reduce our tuition costs. Our administration began an outreach program to contact parents of students enrolled in cyber charter schools in an effort to bring them back into our buildings. The District also continues to commit funds to improving the technology infrastructure and equipment for students and staff.

FUTURE ISSUES AND CONCERNS

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

Personnel related expenses, such as salaries, health care and mandatory retirement contributions continue to stabilize, but continue to cause the District to budget additional funds for such increases. The District, through the work of the Westmoreland County Public School Healthcare Consortium, has contained health care costs to the district up to this point. However due to a recent increase in claims the Consortiums rates are projected to increase at a higher rate than usual. Mandatory retirement contributions increased less than 1% from 34.94% to 35.26% for the 2022-2023 fiscal year.

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

**GREENSBURG SALEM SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

FUTURE ISSUES AND CONCERNS (CONTINUED)

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

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

CONTACTING THE DISTRICT FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to show the Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact the District's business office at the Greensburg Salem School District, 1 Academy Hill Place, Greensburg, PA. 15601, phone number (724) 832-2900.

**GREENSBURG SALEM SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Net Position

The District's total assets were \$40,225,537 at June 30, 2023. Of this amount, \$20,393,176 was capital assets.

GASB No. 34 requires that all capital assets, including infrastructure, be valued and reported within the governmental activities column of the government-wide financial statements, but allow infrastructure to be added over several years. The District adopted the provisions of GASB 34 related to infrastructure on the retroactive basis.

Condensed Statement of Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	2023	2022	2023	2022	2023	2022
Capital Assets	\$ 19,952,704	\$ 20,859,691	\$ 440,472	\$ 303,454	\$ 20,393,176	\$ 21,163,145
Other Assets	18,834,215	16,821,968	998,146	725,290	19,832,361	17,547,258
Total Assets	<u>\$ 38,786,919</u>	<u>\$ 37,681,659</u>	<u>\$ 1,438,618</u>	<u>\$ 1,028,744</u>	<u>\$ 40,225,537</u>	<u>\$ 38,710,403</u>
Deferred Outflows of Resources	<u>\$ 18,126,975</u>	<u>\$ 11,872,487</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,126,975</u>	<u>\$ 11,872,487</u>
Current Liabilities	\$ 14,834,751	\$ 10,672,169	\$ 101,754	\$ 70,027	\$ 14,936,505	\$ 10,742,196
Noncurrent Liabilities	72,054,491	72,137,545	-	-	72,054,491	72,137,545
Total Liabilities	<u>\$ 86,889,242</u>	<u>\$ 82,809,714</u>	<u>\$ 101,754</u>	<u>\$ 70,027</u>	<u>\$ 86,990,996</u>	<u>\$ 82,879,741</u>
Deferred Inflows of Resources	<u>\$ 11,522,237</u>	<u>\$ 10,406,391</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,522,237</u>	<u>\$ 10,406,391</u>
Net Investment in Capital Assets	\$ 13,546,879	\$ 11,901,522	\$ 440,472	\$ 303,454	\$ 13,987,351	\$ 12,204,976
Restricted Net Position	213,409	100,153	-	-	213,409	100,153
Unrestricted Net Position	<u>(55,257,873)</u>	<u>(55,008,371)</u>	<u>896,392</u>	<u>655,263</u>	<u>(54,361,481)</u>	<u>(54,353,108)</u>
Total Net Position	<u>\$ (41,497,585)</u>	<u>\$ (43,006,696)</u>	<u>\$ 1,336,864</u>	<u>\$ 958,717</u>	<u>\$ (40,160,721)</u>	<u>\$ (42,047,979)</u>

**GREENSBURG SALEM SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Change in Net Position

The following statement of activities represents the change in Net Position for the year ended June 30, 2023. It shows revenues by source and expenses by function for governmental activities, business-type activities and the government as a whole.

Condensed Statement of Activities

	2023	2022	2023	2022	2023	2022
	Governmental	Governmental	Business-type	Business-type	Total	Total
	Activities	Activities	Activities	Activities		
Program Revenues:						
Charges for Services	\$ 170,226	\$ 306,095	\$ 240,164	\$ 204,740	\$ 410,390	\$ 510,835
Grants and Contributions	13,725,639	12,081,618	1,701,113	1,821,666	15,426,752	13,903,284
Capital Grants and Contributions	-	2,754,827	-	-	-	2,754,827
General Revenues:						
Property Taxes	21,125,645	21,349,019	-	-	21,125,645	21,349,019
Taxes Levied for Specific Purposes	3,676,546	3,669,791	-	-	3,676,546	3,669,791
State Property Tax Relief	1,045,277	829,349	-	-	1,045,277	829,349
Basic Subsidy	11,853,093	11,245,953	-	-	11,853,093	11,245,953
Investment Earnings	420,536	32,159	-	-	420,536	32,159
Disposition of Fixed Assets	-	2,900	-	-	-	2,900
Total Revenues	\$ 52,016,962	\$ 52,271,711	\$ 1,941,277	\$ 2,026,406	\$ 53,958,239	\$ 54,298,117
Expenses:						
Instruction	\$ 29,898,877	\$ 32,498,232	\$ -	\$ -	\$ 29,898,877	\$ 32,498,232
Support Services	14,235,045	9,594,551	-	-	14,235,045	9,594,551
Noninstructional Services	3,163,885	1,066,682	-	-	3,163,885	1,066,682
Food Service	-	-	1,563,130	1,502,026	1,563,130	1,502,026
Capital Outlay	-	89,506	-	-	-	89,506
Interest on Long-Term Debt	54,505	276,780	-	-	54,505	276,780
Total Expenses	\$ 47,352,312	\$ 43,525,751	\$ 1,563,130	\$ 1,502,026	\$ 48,915,442	\$ 45,027,777
Change in Net Position	\$ 4,664,650	\$ 8,745,960	\$ 378,147	\$ 524,380	\$ 5,042,797	\$ 9,270,340
Net Position - Beginning, as restated	\$ (46,162,235)	\$ (52,407,919)	\$ 958,717	\$ 434,337	\$ (45,203,518)	\$ (51,973,582)
Net Position - Ending	\$ (41,497,585)	\$ (43,661,959)	\$ 1,336,864	\$ 958,717	\$ (40,160,721)	\$ (42,703,242)

**GREENSBURG SALEM SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Capital Assets

The School District's investment in capital assets in its Governmental Activities at June 30, 2023, net of accumulated depreciation, was \$19,952,704. Capital assets consist primarily of land, buildings, and equipment. The following is a summary of capital assets at June 30, 2023:

GOVERNMENTAL ACTIVITIES	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	\$ 5,001,622	\$ -	\$ -	\$ 5,001,622
Construction in Progress	2,627,200	-	-	2,627,200
Total Capital Assets, Not Being Depreciated	<u>5,001,622</u>	<u>-</u>	<u>-</u>	<u>7,628,822</u>
Capital Assets, Being Depreciated:				
Land Improvements	1,866,923	-	-	1,866,923
Building and Building Improvements	54,813,722	-	-	54,813,722
Furniture, Vehicles, and Equipment	15,006,565	67,258	-	15,073,823
Infrastructure	1,126,929	-	-	1,126,929
Total Capital Assets, Being Depreciated	<u>\$ 72,814,139</u>	<u>\$ 67,258</u>	<u>\$ -</u>	<u>\$ 72,881,397</u>
Less Accumulated Depreciation For:				
Land Improvements	(1,801,497)	(7,297)	-	(1,808,794)
Building and Building Improvements	(44,352,789)	(696,802)	-	(45,049,591)
Furniture, Vehicles, and Equipment	(13,061,193)	(245,189)	-	(13,306,382)
Infrastructure	(367,791)	(24,957)	-	(392,748)
Total Accumulated Depreciation	<u>\$ (59,583,270)</u>	<u>\$ (974,245)</u>	<u>\$ -</u>	<u>\$ (60,557,515)</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 13,230,869</u>	<u>\$ (906,987)</u>	<u>\$ -</u>	<u>\$ 12,323,882</u>
Governmental Activities Capital Assets, Net	<u>\$ 18,232,491</u>	<u>\$ (906,987)</u>	<u>\$ -</u>	<u>\$ 19,952,704</u>
BUSINESS TYPE ACTIVITIES	Balance	Increases	Decreases	Balance
Capital Assets, Being Depreciated:				
Furniture, Vehicles, and Equipment	\$ 718,438	\$ 159,290	\$ -	\$ 877,728
Total Capital Assets, Being Depreciated	<u>\$ 718,438</u>	<u>\$ 159,290</u>	<u>\$ -</u>	<u>\$ 877,728</u>
Less Accumulated Depreciation				
Furniture, Vehicles, and Equipment	\$ (414,984)	\$ (22,272)	-	\$ (437,256)
Total Accumulated Depreciation	<u>\$ (414,984)</u>	<u>\$ (22,272)</u>	<u>\$ -</u>	<u>\$ (437,256)</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 303,454</u>	<u>\$ 137,018</u>	<u>\$ -</u>	<u>\$ 440,472</u>
Business Type Activities Capital Assets, Net	<u>\$ 303,454</u>	<u>\$ 137,018</u>	<u>\$ -</u>	<u>\$ 440,472</u>

Detailed information about the School District's capital assets can be found in Note 4, Notes to the Financial Statements.

**GREENSBURG SALEM SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Debt Administration

At June 30, 2023, the School District had \$74,050,962 of long-term liabilities outstanding. Long-term liabilities increased .1% from the previous year. The following is a summary of long-term liabilities for the 2023 year:

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Bonds and Notes payable:					
General obligation bonds	\$ 8,355,000	\$ -	\$ (2,380,000)	\$ 5,975,000	\$ 2,450,000
Total bonds and notes payable	<u>\$ 8,355,000</u>	<u>\$ -</u>	<u>\$ (2,380,000)</u>	<u>\$ 5,975,000</u>	<u>\$ 2,450,000</u>
Other Liabilities:					
Compensated absences	\$ 970,529	\$ 155,044	\$ (140,086)	\$ 985,487	\$ -
Net Pension Liability	53,127,000	-	3,691,247	56,818,247	-
Net OPEB Obligation	11,511,847	629,641	(1,869,260)	10,272,228	-
Total Other Liabilities	<u>\$ 65,609,376</u>	<u>\$ 155,044</u>	<u>\$ 3,551,161</u>	<u>\$ 68,075,962</u>	<u>\$ -</u>
Governmental Activities Long-Term Liabilities	<u>\$ 73,964,376</u>	<u>\$ 155,044</u>	<u>\$ 1,171,161</u>	<u>\$ 74,050,962</u>	<u>\$ 2,450,000</u>

Detailed information on the School District's debt can be found in Note 5, Notes to the financial statements.

GOVERNMENTAL FUNDS

The School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of governmental funds is to provide information on inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. Unreserved/undesignated fund balance may serve as a useful measure of the District's net resources available for spending at the end of the year.

The School District's governmental funds include the General Fund, the Capital Projects Fund, the Theobald Scholarship Fund, Activity Funds, and Debt Service Fund. These funds include all the District's primary services and programs such as instruction, administration, and athletics. The School District operates one proprietary fund, which is the Food Services Fund. The General Fund is the chief operating fund for the School District.

**GREENSBURG SALEM SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2023**

GOVERNMENTAL FUND REVENUES

Governmental fund revenues by source at June 30, 2023 were as follows:

	<u>2023</u>	<u>2022</u>
Revenues:		
Local Sources	\$ 26,393,234	26,192,820
State Sources	21,466,878	19,764,303
Federal Sources	4,156,850	6,300,394
Total Revenues	<u>\$ 52,016,962</u>	<u>\$ 52,257,517</u>

GOVERNMENTAL FUND EXPENDITURES

Governmental fund expenditures by function at June 30, 2023 were as follows:

	<u>2023</u>	<u>2022</u>
Expenditures		
Instruction	\$ 31,398,409	\$ 31,057,220
Support Services	14,636,567	12,624,857
Non-instructional	1,541,712	1,114,413
Capital Outlay	1,451,226	2,627,200
Debt Service	2,714,200	3,626,548
Total Expenditures	<u>\$ 51,742,114</u>	<u>\$ 51,050,238</u>

GOVERNMENTAL FUND BALANCES AND PROPRIETARY FUND NET POSITION

Ending fund balances for major governmental funds and Net Position for proprietary funds at June 30, 2023 were as follows:

<u>Fund</u>	<u>2023 Governmental Funds</u>	<u>2022 Governmental Funds</u>	<u>2023 Proprietary Funds</u>	<u>2022 Proprietary Funds</u>
General Fund	\$ 4,807,216	\$ 7,468,676	\$ -	\$ -
Other Non Major Funds	929,294	528,223	-	-
Food Service Fund	-	-	1,336,864	958,717
Total	<u>\$ 5,736,510</u>	<u>\$ 7,996,899</u>	<u>\$ 1,336,864</u>	<u>\$ 958,717</u>

GREENSBURG SALEM SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

Assets	Primary Government		
	Governmental Activities	Business-type Activities	Total
Current Assets:			
Cash and Cash Equivalents	\$ 12,618,408	\$ 949,493	\$ 13,567,901
Investments	2,223,985	-	2,223,985
Taxes Receivable, net	1,181,387	-	1,181,387
Due From Other Governments	1,916,642	29,056	1,945,698
Other Receivables	749,454	6,234	755,688
Prepaid Expenses	121,635	-	121,635
Unamortized Discount on Bonds	22,704	-	22,704
Inventories	-	13,363	13,363
Total Current Assets	\$ 18,834,215	\$ 998,146	\$ 19,832,361
Noncurrent Assets:			
Land	\$ 5,001,622	\$ -	\$ 5,001,622
Site Improvements (net)	58,129	-	58,129
Building & Building Improvements (net)	9,764,131	-	9,764,131
Furniture & Equipment (net)	1,767,441	440,472	2,207,913
Infrastructure (net)	734,181	-	734,181
Construction in Progress	2,627,200	-	2,627,200
Total Noncurrent Assets	\$ 19,952,704	\$ 440,472	\$ 20,393,176
Total Assets	\$ 38,786,919	\$ 1,438,618	\$ 40,225,537
Deferred Outflows of Resources			
Deferred Outflows related to Pension	\$ 15,510,717	\$ -	\$ 15,510,717
Deferred Outflows related to OPEB	2,616,258	-	2,616,258
Total Deferred Outflows of Resources	\$ 18,126,975	\$ -	\$ 18,126,975
Total Assets and Deferred Outflows of Resources	\$ 56,913,894	\$ 1,438,618	\$ 58,352,512
Liabilities			
Current Liabilities:			
Accounts Payable	\$ 1,147,713	\$ 78,366	\$ 1,226,079
Current Portion - Long Term Debt	2,450,000	-	2,450,000
Accrued Interest	59,750	-	59,750
Payroll Accruals and Withholdings	6,926,422	-	6,926,422
Unearned Revenues	4,213,014	13,363	4,226,377
Other Current Liabilities	37,852	10,025	47,877
Total Current Liabilities	\$ 14,834,751	\$ 101,754	\$ 14,936,505
Noncurrent Liabilities:			
Unamortized bond premium	\$ 453,529	\$ -	\$ 453,529
Bonds Payable - Long Term Portion	3,525,000	-	3,525,000
Net Pension Liability	56,818,247	-	56,818,247
Net OPEB Obligation	10,272,228	-	10,272,228
Compensated Absences - Long Term Portion	985,487	-	985,487
Total Noncurrent Liabilities	\$ 72,054,491	\$ -	\$ 72,054,491
Total Liabilities	\$ 86,889,242	\$ 101,754	\$ 86,990,996
Deferred Inflows of Resources			
Deferred Inflows related to Pension	\$ 9,667,638	\$ -	\$ 9,667,638
Deferred Inflows related to OPEB	1,854,599	-	1,854,599
Total Deferred Inflows of Resources	\$ 11,522,237	\$ -	\$ 11,522,237
Net Position (Deficit)			
Net Investment in Capital Assets	\$ 13,546,879	\$ 440,472	\$ 13,987,351
Restricted	213,409	-	213,409
Unrestricted	(55,257,873)	896,392	(54,361,481)
Total Net Position (Deficit)	\$ (41,497,585)	\$ 1,336,864	\$ (40,160,721)

The accompanying notes are an integral part of the financial statements

**GREENSBURG SALEM SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
Instruction	\$ 29,898,877	\$ 67,503	\$ 6,569,652	\$ -	\$ (23,261,722)	\$ -	\$ (23,261,722)
Support Services	14,235,045	-	6,273,335	-	(7,961,710)	-	(7,961,710)
Noninstructional Services	3,163,885	102,723	882,652	-	(2,178,510)	-	(2,178,510)
Debt Service	54,505	-	-	-	(54,505)	-	(54,505)
Total Governmental Activities	\$ 47,352,312	\$ 170,226	\$ 13,725,639	\$ -	\$ (33,456,447)	\$ -	\$ (33,456,447)
Business-Type Activities:							
Food Service	\$ 1,563,130	\$ 240,164	\$ 1,701,113	\$ -	\$ -	\$ 378,147	\$ 378,147
Total Business-Type Activities	\$ 1,563,130	\$ 240,164	\$ 1,701,113	\$ -	\$ -	\$ 378,147	\$ 378,147
Total Primary Government	\$ 48,915,442	\$ 410,390	\$ 15,426,752	\$ -	\$ (33,456,447)	\$ 378,147	\$ (33,078,300)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes (net)					\$ 21,125,645	\$ -	\$ 21,125,645
Taxes Levied for Specific Purposes					3,676,546	-	3,676,546
State Property Tax Relief					1,045,277	-	1,045,277
Basic Subsidy					11,853,093	-	11,853,093
Investment Earnings					420,536	-	420,536
Total General Revenues and Transfers					\$ 38,121,097	\$ -	\$ 38,121,097
Change in Net Position					\$ 4,664,650	\$ 378,147	\$ 5,042,797
Net Position - Beginning (As restated, Note 12)					\$ (46,162,235)	\$ 958,717	\$ (45,203,518)
Net Position - Ending					\$ (41,497,585)	\$ 1,336,864	\$ (40,160,721)

The accompanying notes are an integral part of the financial statements

**GREENSBURG SALEM SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

Assets	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 12,165,667	\$ 452,741	\$ 12,618,408
Investments	2,129,017	94,968	2,223,985
Taxes Receivable, net	1,181,387	-	1,181,387
Due From Other Governments	1,916,642	-	1,916,642
Due From Other Funds	-	381,585	381,585
Other Receivables	749,454	-	749,454
Prepaid Expenses	121,635	-	121,635
Total assets	\$ 18,263,802	\$ 929,294	\$ 19,193,096
Liabilities			
Accounts payable	\$ 1,147,713	\$ -	\$ 1,147,713
Payroll Accruals and Withholdings	3,486,249	-	3,486,249
Unearned Revenue	4,213,014	-	4,213,014
Due to Other Funds	381,585	-	381,585
Advances from Other Funds	3,440,173	-	3,440,173
Other current liabilities	37,852	-	37,852
Total liabilities	\$ 12,706,586	\$ -	\$ 12,706,586
Deferred Inflows of Resources:			
Delinquent Real Estate Taxes	\$ 750,000	\$ -	\$ 750,000
Total Deferred Inflows of Resources	\$ 750,000	\$ -	\$ 750,000
Fund Balances			
Nonspendable	\$ 121,635	\$ -	\$ 121,635
Restricted	-	213,409	213,409
Assigned	256,552	715,885	972,437
Unassigned	4,429,029	-	4,429,029
Total fund balances	\$ 4,807,216	\$ 929,294	\$ 5,736,510
Total liabilities and fund balances	\$ 18,263,802	\$ 929,294	\$ 19,193,096

The accompanying notes are an integral part of the financial statements

**GREENSBURG SALEM SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023**

Amounts reported for governmental activities in the Statement of Net Position are

Total fund balances of governmental funds		\$ 5,736,510
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$80,510,219 and the accumulated depreciation is \$60,557,515		19,952,704
Property taxes receivable will be collected, but are not available soon enough to pay for current year's expenditures, and therefore are deferred in the Governmental Funds.		750,000
Long-term liabilities such as Debt, Accrued Interest, and Compensated Absences are not due and payable in the current period and accordingly are not reported as fund liabilities. Both current and long-term liabilities are reported in the Statement of Net Position.		
Long-term Bonds and Notes Payable	\$ (5,975,000)	
Bond Discount	22,704	
Bond Premium	(453,529)	
Accrued Interest	(59,750)	
Other Postemployment Benefits	(10,272,228)	
Net Pension Liability	(56,818,247)	
Deferred Outflows	18,126,975	
Deferred Inflows	(11,522,237)	
Compensated absences	(985,487)	(67,936,799)
Total net position of governmental activities		<u>\$ (41,497,585)</u>

The accompanying notes are an integral part of the financial statements

GREENSBURG SALEM SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Nonmajor Governmental Funds	Governmental Funds
Revenues			
Local revenue sources	\$ 26,040,970	\$ 352,264	\$ 26,393,234
State revenue sources	21,466,878	-	21,466,878
Federal revenue sources	4,156,850	-	4,156,850
Total revenues	<u>51,664,698</u>	<u>352,264</u>	<u>52,016,962</u>
Expenditures			
Current operating:			
Instruction	31,398,409	-	31,398,409
Support Services	14,636,567	-	14,636,567
Noninstructional services	1,178,098	363,614	1,541,712
Facilities Acquisition	1,355,137	96,089	1,451,226
Debt service			
Principal	2,714,200	-	2,714,200
Total Expenditures	<u>51,282,411</u>	<u>459,703</u>	<u>51,742,114</u>
Excess (deficiency) of revenues over expenditures	<u>382,287</u>	<u>(107,439)</u>	<u>274,848</u>
Other financing sources (uses)			
Refund of prior year Receipts	(61,162)	-	(61,162)
Transfers in	-	381,585	381,585
Transfers out	(381,585)	-	(381,585)
Insurance Recoveries	26,200	-	26,200
Total other financing sources (uses)	<u>(416,547)</u>	<u>381,585</u>	<u>(34,962)</u>
Net change in fund balance	<u>(34,260)</u>	<u>274,146</u>	<u>239,886</u>
Fund balance, beginning of year (As restated, Note 12)	<u>4,841,476</u>	<u>655,148</u>	<u>5,496,624</u>
Fund balance, end of year	<u>\$ 4,807,216</u>	<u>\$ 929,294</u>	<u>\$ 5,736,510</u>

The accompanying notes are an integral part of the financial statements

**GREENSBURG SALEM SCHOOL DISTRICT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

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

Net Change in fund balances - total governmental funds	\$	239,886
<p>However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded net book value of assets disposed and depreciation expense in the current period:</p>		
Capital outlays	\$ 67,258	
Depreciation	<u>(974,245)</u>	
Net change in capital assets		(906,987)
<p>Payments of long-term debt and certain expenditures of debt issuance are expensed when paid in the Governmental Funds, but are amortized or recorded as a reduction of long term liabilities in the Statement of Net Position:</p>		
Debt principal repayments	\$ 2,380,000	
Change in accrued interest	107,350	
Amortization of bond discount	(9,072)	
Amortization of bond premium	<u>181,416</u>	2,659,694
<p>Some expenses reported in the statement of activities do not require the use of current financial resources, and, therefore, are not reported as expenditures in governmental funds.</p>		
Change in net pension liability and deferred amounts	\$ 3,076,795	
Change in compensated absences	(14,957)	
Change in other postemployment benefits and deferred amounts	<u>(389,781)</u>	<u>2,672,057</u>
Changes in net position of governmental activities	\$	<u><u>4,664,650</u></u>

The accompanying notes are an integral part of the financial statements

**GREENSBURG SALEM SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2023**

Assets	<u>Business-Type Activities - Enterprise Fund Food Service Fund</u>
Current assets:	
Cash and cash equivalents	\$ 949,493
Due From Other Governments	29,056
Other Receivables	6,234
Inventories	13,363
Total current assets	998,146
Noncurrent assets:	
Capital assets (net of accumulated depreciation of \$437,256)	440,472
Total noncurrent assets	440,472
Total assets	\$ 1,438,618
Liabilities	
Current liabilities:	
Accounts payable	\$ 78,366
Unearned revenues	13,363
Other Liabilities	10,025
Total current liabilities	101,754
Total liabilities	\$ 101,754
Net Position	
Net investment in capital assets	\$ 440,472
Unrestricted	896,392
Total net position	1,336,864
Total liabilities and net position	\$ 1,438,618

The accompanying notes are an integral part of the financial statements

GREENSBURG SALEM SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Business-Type Activities - <u>Enterprise Fund</u> <u>Food Service Fund</u>
Operating Revenues	
Revenue from Local Services	\$ 240,164
Total operating revenues	<u>240,164</u>
Operating Expenses	
Purchased Professional and Technical Services	12,962
Other Purchased Services	1,517,656
Supplies	10,240
Depreciation	<u>22,272</u>
Total operating expenses	<u>1,563,130</u>
Operating Loss	<u>(1,322,966)</u>
Nonoperating Revenues	
Revenue from State Services	104,566
Revenue from Federal Services	<u>1,596,547</u>
Total Nonoperating Revenues	<u>1,701,113</u>
Change in Net Position	378,147
Net Position - Beginning of Year	<u>958,717</u>
Net Position - End of Year	<u><u>\$ 1,336,864</u></u>

The accompanying notes are an integral part of the financial statements

**GREENSBURG SALEM SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	Business-Type Activities - Enterprise Fund
	Food Service Fund
Cash flows from operating activities	
Cash received from customers	\$ 241,943
Cash paid to suppliers	(1,406,177)
Net cash used in operating activities	(1,164,234)
Cash flows from non-capital financing activities	
State Sources	104,566
Federal Sources	1,499,451
Net cash provided by non-capital financing activities	1,604,017
Cash flows from capital and related financing activities	
Capital Outlay	(159,290)
Net cash used in capital and related financing activities	(159,290)
Net increase in cash and cash equivalents	280,493
Beginning cash and cash equivalents	669,000
Ending cash and cash equivalents	\$ 949,493
 RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating loss	\$ (1,322,967)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation	22,272
Donated commodities	101,742
Decrease (increase) in assets	
Advances from Other Funds	1,213
Account receivable	1,779
Inventories	4,646
Increase (decrease) in liabilities	
Accounts payable	31,727
Unearned revenue	(4,646)
Net cash used in operating activities	\$ (1,164,234)

The accompanying notes are an integral part of the financial statements

GREENSBURG SALEM SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

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

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

The School District is associated with two jointly governed organizations (Note 9) and one public entity risk pool (Note 11). These organizations are:

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

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

FINANCIAL STATEMENT PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS – The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

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

GREENSBURG SALEM SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL STATEMENT PRESENTATION (CONTINUED)

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

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

BASIS OF ACCOUNTING AND MEASUREMENT FOCUS

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

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

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

GREENSBURG SALEM SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF ACCOUNTING AND MEASUREMENT FOCUS (CONTINUED)

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

The management of the Greensburg Salem School District has determined that the revenues most susceptible to accrual (measurable and available) at June 30, 2023 under the modified accrual basis are 1) certain Act 511 taxes collected by the district within 30 days following the close of the fiscal year, 2) federal and state subsidies earned in the fiscal year 2022-2023, and 3) other miscellaneous revenues earned in fiscal year 2022-2023 but received subsequent to June 30, 2023. On the governmental fund financial statements, delinquent real estate taxes receivables that will not be collected within the 'available' period have been reported as 'deferred inflows of resources'.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. The primary expenditures deemed susceptible to accrual at June 30, 2023, are those for which the Board of Education's intention was to expense these items as budgeted for the 2022-2023 official budget, and for which the District has incurred an obligation, but has not paid as of June 30, 2023.

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

FUND ACCOUNTING

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

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

MAJOR GOVERNMENTAL FUNDS:

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

GREENSBURG SALEM SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND ACCOUNTING (CONTINUED)

NONMAJOR GOVERNMENTAL FUNDS:

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

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

ACTIVITY FUND: The School District reports one student activity custodial fund to account for various student organization activity accounts administered by the School District on behalf of the student organizations.

MAJOR PROPRIETARY FUNDS:

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

BUDGETS

On June 22, 2022, the Greensburg Salem District adopted its fiscal year June 30, 2023 annual budget for the General Fund totaling \$49,088,539, in accordance with the provisions of the Pennsylvania School Code. The budget is prepared utilizing the modified accrual method of accounting. The original and adjusted budgetary amounts are reflected in these financial statements. Actual expenditures of the General Fund exceeded budgeted expenditures for 2022-2023, which is a violation of school code. These overages were offsets by surpluses in local, state, and federal revenues. All annual appropriations of the general fund lapse at fiscal year-end.

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

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

GREENSBURG SALEM SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH AND CASH EQUIVALENTS

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

INVESTMENTS

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

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

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

SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

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

INVENTORIES

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

GREENSBURG SALEM SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITAL ASSETS AND DEPRECIATION

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

All capital assets are recorded at cost (or estimated historical cost). Donated fixed assets are recorded at fair value at the time of receipt. The School District maintains a capitalization threshold of \$5,000. The School District does not have any infrastructure. Routine repair and maintenance costs that do not add to the value of the asset or extend its useful life are charged as an expense in the government-wide statement of activities. All reported capital assets, except land and construction in progress, are depreciated using the straight-line method using ½ year convention over the following useful lives:

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

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

LONG-TERM DEBT FINANCING COSTS

Bond and note issue costs are recorded as expenditures in the governmental fund financial statements in the year paid. The School District did not incur any bond/note closing costs during the 2022-2023 fiscal year.

GREENSBURG SALEM SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

COMPENSATED ABSENCES

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

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

Un-used sick days accumulate indefinitely. Employees are also entitled to two (2) personal days per year, which if unused, are added to the employee's un-used sick day amount in the following year. Administrators with five (5) or more years of administrative service within the District are entitled to a third personal day. The entire compensated absences liability of \$985,486 is shown in the government-wide statement of net position.

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

PENSIONS

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS), and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investment assets are reported at fair value. More information on pension activity is included in Note 6.

OTHER POSTEMPLOYMENT BENEFITS

For the purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS), and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investment assets are reported at fair value. More information on other postemployment benefits activity is included in Note 7.

GREENSBURG SALEM SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

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

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

UNEARNED REVENUE

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

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

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

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

GREENSBURG SALEM SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET POSITION

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

- Net Investment in Capital Assets – This component of net position consists of capital assets net of accumulated depreciation, and reduced by the outstanding balances of debt that is attributable to the acquisition, construction and improvement of the capital assets, plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted Net Position – This component of net position consists of restricted assets reduced by liabilities and deferred inflows related to those assets. The District's restricted net position of \$213,409 represents monies on hand with First National Bank dedicated for the Theobald Scholarship Fund, monies held for student activities.
- Unrestricted – Consists of net position that does not meet the definition of 'restricted' or 'net investment in capital assets'. As of June 30, 2023, the District maintained a deficit unrestricted net position of \$54,361,481.

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

FUND EQUITY

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

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory and prepaid expenses) or are required to be maintained intact. As of June 30, 2023, the District recognized nonspendable fund balance \$121,635 which represents prepaid expenses.

GREENSBURG SALEM SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND EQUITY (CONTINUED)

- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and high levels of government), through constitutional provisions, or by enabling legislation. The District's restricted fund balance of \$213,409 represents monies on hand with First National Bank dedicated for the Theobald Scholarship Fund and monies held for student activities.
- Committed fund balance – amounts constrained to specific purposes by the School District itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the School District takes the same highest-level action to remove or change the constraint.
- Assigned fund balance – amounts the School District intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. The District's General Fund assigned fund balance of \$256,552 as of June 30, 2023, is for future debt service. The District's Capital Projects Fund assigned fund balance of \$715,885 as of June 30, 2023, is for future construction/capital projects.
- Unassigned fund balance – represents the residual funds and includes all spendable amounts not contained in other classifications.

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

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

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

ESTIMATES

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

GREENSBURG SALEM SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

OPERATING REVENUES AND EXPENSES

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

ADOPTION OF GASB PRONOUNCEMENTS

The requirements of the following GASB Statement were adopted for the School District's 2022-2023 financial statements:

The District adopted the requirements of GASB statement No. 91 'Conduit Debt Obligations'. The adoption of this statement had no effect on the District's financial statements

The District adopted the requirements of GASB statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements". The adoption of this statement had no effect on the District's financial statements.

The District adopted the requirements of GASB statement No. 96 "Subscription-Based Information Technology Arrangements". The adoption of this statement had no effect on the District's financial statements.

PENDING GASB PRONOUNCEMENTS

In April 2022, the GASB issued Statement No. 99, "Omnibus 2022". The District is required to adopt certain provisions of the statement immediately. The District is required to adoption all other paragraphs for its fiscal year 2024 statements.

In June 2022, the GASB issued Statement No. 100, "Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62". The District is required to adopt Statement No. 100 for its 2024 financial statements.

In June 2022, the GASB issued Statement No. 101, "Compensated Absences". The District is required to adopt Statement No. 101 for its 2024 financial statements.

In December 2023, the GASB issued Statement No. 102 "Certain Risk Disclosures". The District is required to adopt Statement No. 102 for its 2024 financial statements.

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

GREENSBURG SALEM SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2: CASH DEPOSITS AND INVESTMENTS

At June 30, 2023, Greensburg Salem School District had the following carrying values on its cash and cash equivalents accounts:

	<u>Bank Balances</u>	<u>Less FDIC Insurance</u>	<u>Portion not Covered by FDIC Insurance</u>	<u>Cash Book Balance</u>
First National Bank	13,732,857	250,000	13,482,857	13,567,502.01
Total	<u>13,732,857</u>	<u>250,000</u>	<u>13,482,857</u>	<u>13,567,502.01</u>
Total Uninsured deposits			<u>13,482,856.66</u>	

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

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District's investment policy complies with Section 440.1 of the Public School Code of 1949 with the primary objectives being safety, liquidity and yield. As of June 30, 2023, \$13,482,857 of the School District's bank balance total is exposed to custodial credit risk as this amount represents uninsured deposits collateralized with securities held by the pledging financial institution or by its trust department or agent, but not in the School District's name. The District's investment policy requires a written safe-keeping agreement and/or Act 72 agreement with each financial institution acting as depository. In accordance with Act Number 72-1971 Session of the Commonwealth of Pennsylvania, the aforementioned deposits, in excess of \$250,000, are collateralized by securities pledged to a pooled public funds account with the Federal Reserve System.

INVESTMENTS:

The fair value and maturity of the District's investments as of June 30, 2023, are as follows:

	<u>Fair Value</u>	<u>No Stated Maturity</u>	<u>1 Year Maturity</u>
Governmental:			
PLGIT	2,129,017	2,129,017	-
Nonmajor Fund CD	94,968	-	94,968
	<u>2,223,985</u>	<u>2,129,017</u>	<u>94,968</u>

Due to its maturity term, the Nonmajor Fund certificate of deposit totaling \$94,968 is shown as an investment in the accompanying financial statements. Investments held in external investment pools such as PLGIT are not subject to the provisions of fair value measurements as they are recorded at amortized cost and/or cost. The purpose of the Pennsylvania Local Government Investment Trust (PLGIT) is to enable their available funds for investments authorized under the Intergovernmental Cooperation Act of 1972. The funds operate in a manner consistent with the SEC's Rule 2(a)7 of the Investment Company Act of 1940. The funds use amortized cost to report net position to compute share prices. These funds maintain net asset values of \$1 per share. Accordingly, the fair value of the position in these funds is the same as the value of these shares.

GREENSBURG SALEM SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2: CASH DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk:

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

Interest Rate Risk:

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

Credit Risk:

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District has no formal policy, in addition to the requirements of the Pennsylvania School Code that limits its investment choices based on credit ratings by nationally recognized rating organizations. As of June 30, 2023, PLGIT was rated AAAM by the Standard & Poors nationally recognized statistical rating organization.

NOTE 3: REAL ESTATE TAXES RECEIVABLE AND DEFERRED REVENUE

The Greensburg Salem School District levies property taxes July 1 of each fiscal year. The tax millage assessment for the 2022-2023 fiscal year was 89.72 mills, which represents \$89.72 of revenue for every \$1,000 of assessed property value. Taxpayers are entitled to a 2% discount if taxes are paid prior to October 1st. Collections beginning December 1st are assessed a 10% penalty. Unpaid taxes are submitted to the Westmoreland County Tax Claim Bureau for collection. Tax collectors are required under Act 169 of the Commonwealth of Pennsylvania to submit a reconciliation of their tax duplicate to the District by January 15th of the year following levy.

Taxes receivable as shown in the government-wide statement of net position includes delinquent property taxes of \$2,445,616 net of an allowance for doubtful accounts of \$1,264,229. The allowance amount represents management's estimate of prior year property taxes considered un-collectible based on past collection experience. For purposes of the governmental fund financial statements, \$750,000 of the above property taxes receivable (net), although measurable, does not meet the available criteria to finance current fiscal year operations. Accordingly, this amount is equally off set as a credit to deferred inflows of resources in the fund financial statements.

The effect of recognizing property tax revenue when taxes are levied, as opposed to when they are received using the 'measurable and available' criteria under the modified accrual basis of accounting, is reflected in the required reconciliations of fund balance to net position and the changes in fund balances to the changes in net position.

GREENSBURG SALEM SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets, Not Being Depreciated:				
Land	\$ 5,001,622	\$ -	\$ -	\$ 5,001,622
Construction in Progress	2,627,200	-	-	2,627,200
Total Capital Assets, Not Being Depreciated	<u>7,628,822</u>	<u>-</u>	<u>-</u>	<u>7,628,822</u>
Capital Assets, Being Depreciated:				
Land Improvements	1,866,923	-	-	1,866,923
Building and Building Improvements	54,813,722	-	-	54,813,722
Furniture, Vehicles, and Equipment	15,006,565	67,258	-	15,073,823
Infrastructure	1,126,929	-	-	1,126,929
Total Capital Assets, Being Depreciated	<u>72,814,139</u>	<u>67,258</u>	<u>-</u>	<u>72,881,397</u>
Less Accumulated Depreciation For:				
Land Improvements	(1,801,497)	(7,297)	-	(1,808,794)
Building and Building Improvements	(44,352,789)	(696,802)	-	(45,049,591)
Furniture, Vehicles, and Equipment	(13,061,193)	(245,189)	-	(13,306,382)
Infrastructure	(367,791)	(24,957)	-	(392,748)
Total Accumulated Depreciation	<u>(59,583,270)</u>	<u>(974,245)</u>	<u>-</u>	<u>(60,557,515)</u>
Total Capital Assets, Being Depreciated, Net	<u>13,230,869</u>	<u>(906,987)</u>	<u>-</u>	<u>12,323,882</u>
Governmental Activities Capital Assets, Net	<u>\$ 18,232,491</u>	<u>\$ (906,987)</u>	<u>\$ -</u>	<u>\$ 19,952,704</u>
BUSINESS TYPE ACTIVITIES				
Capital Assets, Being Depreciated:				
Furniture, Vehicles, and Equipment	\$ 718,438	\$ 159,290	\$ -	\$ 877,728
Total Capital Assets, Being Depreciated	<u>718,438</u>	<u>159,290</u>	<u>-</u>	<u>877,728</u>
Less Accumulated Depreciation	<u>(414,984)</u>	<u>(22,272)</u>	<u>-</u>	<u>(437,256)</u>
Total Capital Assets, Being Depreciated, Net	<u>303,454</u>	<u>137,018</u>	<u>-</u>	<u>440,472</u>
Business Type Activities Capital Assets, Net	<u>\$ 303,454</u>	<u>\$ 137,018</u>	<u>\$ -</u>	<u>\$ 440,472</u>

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

Governmental Activities	
Instructional Services	\$ 693,659
Support Services	245,743
Administrative	<u>34,843</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 974,245</u>
Business Type Activities:	
Food Service	<u>\$ 22,272</u>
Total Depreciation Expense - Business Type Activities	<u>\$ 22,272</u>

GREENSBURG SALEM SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5: LONG-TERM LIABILITIES OBLIGATIONS

GENERAL OBLIGATION BONDS – SERIES OF 2020

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

DEFAULT PROVISIONS – GENERAL OBLIGATION BONDS

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

A summary of the Greensburg Salem School District's general obligation bonds outstanding at June 30, 2023, is as follows:

<u>Governmental Activities</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
Year ended June 30:	<u>Requirements</u>	<u>Requirements</u>	<u>Requirements</u>
2024	\$ 2,450,000	\$ 239,000	\$ 2,689,000
2025	2,545,000	141,000	2,686,000
2026	980,000	39,200	1,019,200
Total	<u>\$ 5,975,000</u>	<u>\$ 419,200</u>	<u>\$ 6,394,200</u>

In connection with the School District's various general obligation bond issues, the District paid approximately \$227,822 in bond discounts. These costs are being amortized on a straight-line basis over the life of the bond issue. Amortization expense for the year ended June 30, 2023 was \$9,072. This amount was charged to the 'Interest on Long-Term Debt' expense category in the statement of activities.

GREENSBURG SALEM SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5: LONG-TERM LIABILITIES OBLIGATIONS (CONTINUED)

DEFAULT PROVISIONS – GENERAL OBLIGATION BONDS (CONTINUED)

The School District's various general obligation bond issues were issued at premiums totaling \$2,259,210. The premium is being accreted as a component of interest expense on the straight-line basis over the life of the bond issue. Premium accretion for the year ended June 30, 2023 was \$181,416. This amount was credited to the 'Interest on Long-Term Debt' expense category in the statement of activities.

The following represents the changes in the District's long-term liabilities during the 2022-2023 fiscal year:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities:</u>					
Bonds and Notes payable:					
General obligation bonds	\$ 8,355,000	\$ -	\$ (2,380,000)	\$ 5,975,000	\$ 2,450,000
Total bonds and notes payable	<u>8,355,000</u>	<u>-</u>	<u>(2,380,000)</u>	<u>5,975,000</u>	<u>2,450,000</u>
Other Liabilities:					
Compensated absences	970,529	155,044	(140,086)	985,487	-
Pension	53,127,000	-	3,691,247	56,818,247	-
Total Other Liabilities	<u>54,097,529</u>	<u>155,044</u>	<u>3,551,161</u>	<u>57,803,734</u>	<u>-</u>
Governmental Activities Long-Term Liabilities	<u>\$ 62,452,529</u>	<u>\$ 155,044</u>	<u>\$ 1,171,161</u>	<u>\$ 63,778,734</u>	<u>\$ 2,450,000</u>

NOTE 6: PENSION PLAN

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

Plan Description

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

GREENSBURG SALEM SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6: PENSION PLAN (CONTINUED)

Benefits Provided

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

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

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

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

Employer Contributions

Contributions required of employers are based upon an actuarial valuation. For fiscal year ended June 30, 2022, the rate of employer's contribution was 34.14% (33.99% employer pension rate and .15% Act 5 defined contribution rate) of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the employer were \$6,657,013 for the year ended June 30, 2023.

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

At June 30, 2023, the School District reported a liability of \$56,818,247 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2021, to June 30, 2022. The School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2022 (the measurement date), the School District's proportion was .1278% which was a decrease of .0016% from its proportion measured as of June 30, 2021.

GREENSBURG SALEM SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6: PENSION PLAN (CONTINUED)

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

For the year ended June 30, 2023, the School District recognized pension expense of \$3,076,795. At June 30, 2023, the School 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>
District contributions subsequent to the measurement date	\$ 6,657,013	\$ -
Difference between actual and expected investment earnings	7,131,280	8,095,206
Deferred changes in assumptions	1,696,660	-
Deferred changes in proportion	-	1,081,000
Difference between actual and experience	<u>25,764</u>	<u>491,432</u>
Total	<u>\$ 15,510,717</u>	<u>\$ 9,667,638</u>

The \$6,657,013 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the measurement year ended June 30, 2023.

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

Year ending June 30:	
2023	(320,657)
2024	(174,556)
2025	(1,664,363)
2026	<u>1,345,642</u>
	<u>\$ (813,934)</u>

GREENSBURG SALEM SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6: PENSION PLAN (CONTINUED)

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

Actuarial Assumptions

The total pension liability as of June 30, 2022, was determined by rolling forward the System's total pension liability as of the June 30, 2021 to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 7.00%, includes inflation at 2.50%
- Salary growth – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale
- The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2021 and as of June 30, 2022
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
 - Salary growth rate — decreased from 5.00% to 4.50%.
 - Real wage growth and merit or seniority increases (components for salary growth) — decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
 - Mortality rates - Previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT—2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP—2020 Improvement Scale.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2021.

Investment Asset Allocation

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

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

GREENSBURG SALEM SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6: PENSION PLAN (CONTINUED)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Public Equity	28.0%	5.3%
Private Equity	12.0%	8.0%
Fixed Income	33.0%	2.3%
Commodities	9.0%	2.3%
Absolute Return	9.0%	5.4%
Infrastructure/MLP's	11.0%	4.6%
Real Estate	6.0%	3.5%
Cash	3.0%	0.5%
Leverage	-11.0%	0.5%
Total	<u>100%</u>	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2022.

Discount Rate

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

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

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

	Amounts X \$1,000		
	<u>1% Decrease 6.00%</u>	<u>Current Rate 7.00%</u>	<u>1% Increase 8.00%</u>
District's Proportionate share of the net pension liability	\$ 73,491,000	\$ 56,818,247	\$ 42,762,000

Pension plan fiduciary net position

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

GREENSBURG SALEM SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7: OTHER POSTEMPLOYMENT BENEFITS

PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM

General Information about the Health Insurance Premium Assistance Program

PSERS provides Premium Assistance, which is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002, under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS's Health Options Program. As of June 30, 2022, there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

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

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

Plan Description

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

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium.

To receive premium assistance eligible retirees must obtain their health insurance coverage through either their school employer or PSER's Health Options Program. As of June 30, 2022, there were no assumed future benefit increases to participating eligible retirees.

Contributions

The District's contractually required contribution for the fiscal year ended June 30, 2023 was 0.80% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. During the 2022-2023 fiscal year, the Greensburg Salem School District contributed \$144,676 to the premium assistance program.

GREENSBURG SALEM SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

At June 30, 2023, the District reported a liability of \$2,351,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2021 to June 30, 2022. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2022 (the measurement date), the district's proportion was 0.1278%, which is a decrease of .0016% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, Greensburg Salem School District recognized OPEB expense of \$389,781. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 22,118	\$ 12,593
Changes of assumptions	261,366	555,677
Net difference between projected and actual investment earnings	5,974	-
Changes in proportion	10,001	68,000
Contributions subsequent to the measurement date	144,676	-
Total	<u>\$ 444,135</u>	<u>\$ 636,270</u>

The \$144,676 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the measurement year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2023	(70,963)
2024	(51,281)
2025	(62,257)
2026	(73,569)
2027	(78,741)
2028	-
	<u>\$ (336,811)</u>

GREENSBURG SALEM SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions

The Total OPEB liability as of June 30, 2022, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2021 to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial Cost Method – Entry Age Normal – level % of pay
- Investment Return – 7.00%, includes inflation at 2.50%
- Salary Increases – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the Total Pension Liability decreased from 7.25% as of June 30, 2020 to 7.00% as of June 30, 2021.

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

Investment Asset Allocation

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	100.0%	5.0%
Total	100.0%	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2022.

Discount Rate

The discount rate used to measure the Total OPEB Liability was 4.09%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 4.09% which represents the S&P 20-year Municipal Bond Rate at June 30, 2022, was applied to all projected benefit payments to measure the total OPEB liability.

GREENSBURG SALEM SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (CONTINUED)

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2022, 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, 2022, 93,293 retirees were receiving the maximum amount allowed of \$1,200 per year and 582 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the net OPEB liability of the District as of the June 30 2022 measurement date, calculated using current Healthcare cost trends as well as what the District net OPEB liability would be if its health cost trends were 1-percentage point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of net OPEB liability	\$ 2,350,000	\$ 2,351,000	\$ 2,350,000

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

The following presents the net OPEB liability, calculated using the discount rate of 4.09%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.09%) or 1-percentage-point higher (5.09%) than the current rate:

	<u>1% Decrease (3.09%)</u>	<u>Discount Rate (4.09%)</u>	<u>1% Increase (5.09%)</u>
District's proportionate share of net OPEB liability	\$ 2,658,000	\$ 2,351,000	\$ 2,093,000

GREENSBURG SALEM SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (CONTINUED)

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.

DISTRICT- POST-RETIREMENT HEALTHCARE BENEFIT PLAN

Plan Description

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

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

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

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

GREENSBURG SALEM SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

DISTRICT- POST-RETIREMENT HEALTHCARE BENEFIT (CONTINUED)

Plan Description (Continued)

• Custodial and Maintenance Employees – participants who have completed 25 years of service, at least 10 of which have been with the District are entitled to the following for a maximum of 8 years or until the retiree reaches Medicare age, whichever comes first: 1) all retirement provisions outlined in the custodial/maintenance employment contract and 2) a \$5,000 cash stipend per year for five fiscal years following retirement.

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

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

Funding Policy

The contribution requirements of plan members and the School District are negotiated between the District and the union representatives and may be amended by the Greensburg Salem Board of Education. The plan is funded on a pay-as-you-go basis, i.e. premiums are paid to fund the health care benefits provided to current retirees. There are no assets that have been segregated and restricted to provide for retiree medical benefits. During the 2022-2023 fiscal year, the Greensburg Salem School District paid \$122,406 for retiree health and life insurance benefits.

Participant Data and Total OPEB Liability

The July 1, 2022 actuarial valuation reflected the following participant data and corresponding total OPEB liability measured as of July 1, 2022:

	PARTICIPANT DATA	TOTAL OPEB LIABILITY
Retirees	11	\$ 633,964
Active employees	266	7,287,264
	<u>277</u>	<u>\$ 7,921,228</u>

GREENSBURG SALEM SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

DISTRICT- POST-RETIREMENT HEALTHCARE BENEFIT (CONTINUED)

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

The District's total OPEB liability of \$7,921,228 was measured as of July 1, 2022, and was determined by an actuarial valuation performed as of July 1, 2022. As the District's OPEB Plan is unfunded, the total OPEB liability is equal to the net OPEB liability:

	<u>Governmental Activities</u>
Service Cost	\$ 447,146
Interest	182,495
Changes of assumptions or other inputs	(1,016,992)
Benefit payments	<u>(140,268)</u>
Net change in total OPEB Liability	(527,619)
Total OPEB Liability June 30, 2022	8,448,847
Total OPEB Liability June 30, 2023	<u><u>\$ 7,921,228</u></u>

For the year ended June 30, 2023, the Greensburg7 Salem School District recognized OPEB expense of \$704,781. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 1,084,334	\$ 1,007,661
Difference between expected and actual experience	858,339	210,668
Contributions subsequent to the measurement date	229,450	-
Total	<u><u>\$ 2,172,123</u></u>	<u><u>\$ 1,218,329</u></u>

The \$229,450 amount reported as deferred outflows of resources resulting from the District's benefit payments subsequent to the measurement date will be recognized as a reduction in the next year's total OPEB liability. Amounts reported as deferred inflows/outflows of resources related to OPEB expense as follows:

Year ended June 30:

2024	75,140
2025	75,140
2026	75,140
2027	75,140
2028	75,140
2029 and beyond	348,644
	<u><u>\$ 724,344</u></u>

GREENSBURG SALEM SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

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

	1% Decrease 2.54%	Current Discount Rate 3.54%	1% Increase 4.54%
Total OPEB Liability	\$ 8,627,736	\$ 7,921,228	\$ 7,259,623

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

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

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	\$ 6,752,055	\$ 7,921,228	\$ 8,653,019

Actuarial Assumptions and Other Inputs to Calculate the Total OPEB Liability

The Total OPEB Liability as of June 30, 2022, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2021 to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation Date – June 30, 2021
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 4.09% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP- 2020 Improvement Scale.
- Participation rate:
 - o Eligible retirees will elect to participate Pre age 65 at 50%
 - o Eligible retirees will elect to participate Post age 65 at 70%

GREENSBURG SALEM SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 8: JOINTLY GOVERNED ORGANIZATIONS

CENTRAL WESTMORELAND CAREER AND TECHNOLOGY CENTER

The Greensburg Salem School District, in conjunction with nine other School Districts, funds the operating and capital budget of the Central Westmoreland Career and Technology Center. The Technology Center is designed to teach students trade related professions. Each district's share of tuition is based on the percentage of the district's enrollment to the total enrollment at the Forbes Road Career & Technology Center. The School District paid \$760,689 to the Career and Technology Center during the 2022-2023 fiscal year. A representative from each district's school board sits on the board of the Technology Center. Financial information can be obtained by contacting the Technology Center's business office at 240 Arona Road, New Stanton, Pa. 15672.

WESTMORELAND INTERMEDIATE UNIT #7

The Greensburg Salem School District participates with 16 other School Districts and 3 Vocational-Technical schools located in Westmoreland County in the Westmoreland County Intermediate Unit #7. The Intermediate Unit was established in 1971 by Act 102 of the Commonwealth of Pennsylvania to function as a regional educational service agency for 17 school districts, as well as nonpublic schools and other institutions, located within Westmoreland County. The Intermediate Unit provides services relative to curriculum development, continuing education, educational planning, instructional materials, pupil personnel, state and federal agency liaison and managerial oversight. The School District paid the Intermediate Unit \$11,410 for operating purposes, \$901 for Children's Program, and \$85,527 for the WIU information costs during the 2022-2023 fiscal year. Financial information can be obtained by contacting the Intermediate Unit's business office at 102 Equity Drive, Greensburg, Pa. 15601.

NOTE 9: COMMITMENTS AND CONTINGENCIES

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

NOTE 10: RISKS AND UNCERTANTIES

GENERAL INSURANCE

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

GREENSBURG SALEM SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10: RISKS AND UNCERTANTIES (CONTINUED)

HEALTH INSURANCE

The Greensburg Salem School District is one of twenty members of the Westmoreland County Public School Healthcare Consortium, a public entity risk pool designed to administer health and medical insurance risks on a pooled basis. The school district was billed an annual premium (\$4,818,741 in 2022-2023) payable in monthly installments to the Consortium for its health and medical insurance coverage, which is subject to an annual settlement based on claims experience. As the Consortium is self-insured, rates are established with the objective of satisfying estimated claims and other costs, as well as maintaining working capital requirements.

Participating school districts are permitted to withdraw from the Consortium under terms specified in the agreement. Withdrawing participants are entitled to, or responsible for, a proportionate share of the Consortium's net position, as determined on the fiscal year-end date after withdrawal. As of June 30, 2023, the District's share of the Consortium's undesignated fund balance was \$268,840.

STATE AND FEDERAL SUBSIDIES

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

NOTE 11: SUBSEQUENT EVENTS

The District has evaluated all subsequent events through the report date of June 6, 2024. No events have taken place that affect the financial statements or require disclosure.

GREENSBURG SALEM SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 12: RESTATEMENT

The following restatement was necessary to reflect the adoption of the provisions of GASB Statement No. 84 "Fiduciary Activities". The District has changed its manner of accounting for its fiduciary funds. The School System's student activity funds and the private purpose trust funds no longer met the criteria to be classified as a fiduciary activity and accordingly, the District accounts for the activity in the governmental funds. This change for governmental and fiduciary activities is reported as a change in accounting principle and is reflected as a restatement of beginning fund balance/Net Position in the governmental and fiduciary fund financial statements. As a result, the District no longer reports fiduciary fund financial statements.

During the year ended June 30, 2023, as a result of a monitoring performed by the Pennsylvania Department of Education, it was decided the District would use local funds to pay for project costs previously recognized and charged to the Elementary and Secondary School Emergency Relief Fund (ESSER III) federal program. As a result, prior year revenues recognized had to be reclassified as unearned revenues and beginning fund balance/net position are restated.

	<u>Fiduciary Fund</u>	<u>Activity Funds</u>	<u>General Fund</u>	<u>Governmental Activities</u>
Net Position, beginning balance of year as previously stated	\$ 126,924	\$ -	\$ 7,468,676	\$ (43,661,959)
Fund balance adjustment due to the change in Student Activity Fund classification	(126,924)	126,924	-	126,924
ESSER III - Using Local Funds instead of Federal	-	-	(2,627,200)	(2,627,200)
Fund Balance and Net Position, Beginning balance of year, as restated	<u>\$ -</u>	<u>\$ 126,924</u>	<u>\$ 4,841,476</u>	<u>\$ (46,162,235)</u>

**REQUIRED
SUPPLEMENTAL
INFORMATION**

GREENSBURG SALEM SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Revenue Sources	\$ 25,150,038	\$ 25,150,038	\$ 26,040,970	\$ 890,932
State Revenue Sources	20,123,842	20,123,842	21,466,878	1,343,036
Federal Revenue Sources	3,283,118	3,283,118	4,156,850	873,732
Total Revenues	<u>48,556,998</u>	<u>48,556,998</u>	<u>51,664,698</u>	<u>3,107,700</u>
Expenditures				
Current operating:				
Instruction	\$ 30,786,113	\$ 30,786,113	\$ 31,398,409	\$ (612,296)
Support Services	13,907,740	13,907,740	14,636,567	(728,827)
Noninstructional Services	1,198,902	1,198,902	1,178,098	20,804
Capital Outlay	-	-	1,355,137	(1,355,137)
Debt Service	2,714,200	2,714,200	2,714,200	-
Total Expenditures	<u>\$ 48,606,955</u>	<u>\$ 48,606,955</u>	<u>\$ 51,282,411</u>	<u>\$ (2,675,456)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (49,957)</u>	<u>\$ (49,957)</u>	<u>\$ 382,287</u>	<u>\$ 432,244</u>
Other financing sources (uses)				
Refund of prior year Receipts	\$ -	\$ -	\$ (61,162)	\$ (61,162)
Budgetary Reserve	(100,000)	(100,000)	-	100,000
Insurance Recoveries	-	-	26,200	26,200
Transfers Out	<u>(381,554)</u>	<u>(381,554)</u>	<u>(381,585)</u>	<u>(31)</u>
Total other financing sources (uses)	<u>\$ (481,554)</u>	<u>\$ (481,554)</u>	<u>\$ (416,547)</u>	<u>\$ 65,007</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ (531,511)</u>	<u>\$ (531,511)</u>	<u>\$ (34,260)</u>	<u>\$ 497,251</u>

GREENSBURG SALEM SCHOOL DISTRICT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS – RETIREES HEALTH PLAN
JUNE 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB liability					
Service Cost	\$ 447,146	\$ 259,940	\$ 240,792	\$ 257,961	\$ 252,241
Interest	182,495	176,299	256,412	234,803	216,584
Differences between expected and actual experience	-	64,590	-	1,069,813	-
Changes of assumptions or other inputs	(1,016,992)	236,511	409,969	50,862	(87,703)
Benefit payments	(140,268)	(265,822)	(255,888)	(354,656)	(363,706)
Net change in total OPEB liability	(527,619)	471,518	651,285	1,258,783	17,416
Total OPEB liability - beginning	8,448,847	7,977,329	7,326,044	6,067,261	6,049,845
Total OPEB liability - ending	<u>\$ 7,921,228</u>	<u>\$ 8,448,847</u>	<u>\$ 7,977,329</u>	<u>\$ 7,326,044</u>	<u>\$ 6,067,261</u>
Covered Payroll	\$ 18,124,202	\$ 17,682,148	\$ 18,207,154	\$ 17,760,077	\$ 17,663,881
District's total OPEB liability as a percentage of covered payroll	43.71%	47.78%	43.81%	41.25%	34.35%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten- year trend is available.

GREENSBURG SALEM SCHOOL DISTRICT
 SCHEDULE OF DISTRICT'S PROPORTINATE SHARE OF NET OPEB LIABILITY - PSERS
 JUNE 30, 2023

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.1277%	0.1293%	0.1309%	0.1322%	0.1313%
District's proportionate share of the net OPEB liability	\$ 2,351,000	\$ 3,063,000	\$ 2,828,000	\$ 2,812,000	\$ 2,738,000
District's covered payroll	\$ 17,682,148	\$ 18,323,591	\$ 18,372,582	\$ 18,228,364	\$ 17,683,951
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	13.30%	16.72%	15.39%	15.43%	15.48%
Plan fiduciary net position as a percentage of the total OPEB liability	6.86%	5.30%	5.69%	5.56%	5.56%

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

GREENSBURG SALEM SCHOOL DISTRICT
 SCHEDULE OF DISTRICT'S OPEB CONTRIBUTIONS – PSERS PLAN
 JUNE 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually determined contribution	\$ 144,676	\$ 149,315	\$ 149,762	\$ 153,683	\$ 150,596
Contributions in relation to the actuarially determined contribution	<u>144,676</u>	<u>149,315</u>	<u>149,762</u>	<u>153,683</u>	<u>150,596</u>
Contribution deficiency	<u>\$ -</u>				
Covered payroll	\$ 18,124,202	\$ 17,682,148	\$ 18,323,591	\$ 18,372,582	\$ 18,228,364
Contributions as a percentage of covered payroll	0.80%	0.84%	0.82%	0.84%	0.83%

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

GREENSBURG SALEM SCHOOL DISTRICT
 SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 JUNE 30, 2023

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Districts proportion of the net pension liability	0.1331%	0.1313%	0.1309%	0.1312%	0.1313%	0.1322%	0.1310%	0.1294%	0.1278%
District's proportionate share of the net pension liability	\$ 52,681,000	\$ 56,873,000	\$ 64,870,000	\$ 64,798,000	\$ 63,031,000	\$ 61,847,000	\$ 64,503,000	\$ 53,127,000	\$ 56,818,247
District's covered-employee payroll	\$ 17,126,534	\$ 16,977,482	\$ 16,946,956	\$ 17,464,075	\$ 17,683,951	\$ 18,228,364	\$ 18,372,582	\$ 18,323,591	\$ 18,792,152
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	307.60%	334.99%	382.78%	371.04%	356.43%	339.29%	351.08%	289.94%	302.35%
Plan fiduciary net position as a percentage of the total pension liability	57.24%	54.36%	50.14%	51.84%	54.00%	55.66%	54.32%	63.67%	61.34%

* The amounts presented for each fiscal year were determined as of 06/30

The District adopted GASB 68 on a prospective basis in 2015; therefore available years are present in the above schedule.

GREENSBURG SALEM SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
JUNE 30, 2023

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Contractually required contribution	\$ 2,798,574	\$ 3,644,872	\$ 4,383,814	\$ 5,152,151	\$ 5,554,840	\$ 5,914,995	\$ 6,119,878	\$ 6,153,039	\$ 6,372,037	\$ 6,657,013
Contributions in relation to the contractually required contribution	2,798,574	3,644,872	4,383,814	5,152,151	5,554,840	5,914,995	6,119,878	6,153,039	6,372,037	6,657,013
Contribution deficiency (excess)	<u>\$ -</u>									
District's covered-employee payroll	\$ 17,126,534	\$ 16,977,482	\$ 16,946,956	\$ 17,464,075	\$ 17,683,951	\$ 18,228,364	\$ 18,372,582	\$ 18,323,591	\$ 18,798,961	\$ 19,373,963
Contributions as a percentage of covered-employee payroll	16.34%	21.47%	25.87%	29.50%	31.41%	32.45%	33.31%	33.58%	33.90%	34.36%

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

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

**OTHER
SUPPLEMENTARY
INFORMATION**

GREENSBURG SALEM SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 OTHER GOVERNMENTAL FUNDS
 JUNE 30, 2023

	THEOBALD SCHOLARSHIP FUND	CAPITAL PROJECTS FUND	ACTIVITY FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets				
Cash and cash equivalents	\$ 5,373	\$ 334,300	\$ 113,068	\$ 452,741
Due From Other Funds	-	381,585	-	381,585
Investments	94,968	-	-	94,968
Total assets	<u>\$ 100,341</u>	<u>\$ 715,885</u>	<u>\$ 113,068</u>	<u>\$ 929,294</u>
Liabilities				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances				
Assigned	\$ -	\$ 715,885	\$ -	\$ 715,885
Restricted	100,341	-	113,068	213,409
Total fund balances	<u>100,341</u>	<u>715,885</u>	<u>113,068</u>	<u>929,294</u>
Total liabilities and fund balances	<u>\$ 100,341</u>	<u>\$ 715,885</u>	<u>\$ 113,068</u>	<u>\$ 929,294</u>

GREENSBURG SALEM SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 OTHER GOVERNMENTAL FUNDS
 JUNE 30, 2023

	THEOBALD SCHOLARSHIP FUND	CAPITAL PROJECTS FUND	ACTIVITY FUNDS	TOTAL GOVERNMENTAL FUNDS
Revenues				
Local Revenue Sources	\$ 387	\$ 2,319	\$ 349,558	\$ 352,264
Total Revenues	<u>\$ 387</u>	<u>\$ 2,319</u>	<u>\$ 349,558</u>	<u>\$ 352,264</u>
Expenditures				
Current operating:				
Noninstructional Services	\$ 200	\$ -	\$ 363,414	363,614
Capital Outlay	-	96,089	-	96,089
Total Expenditures	<u>\$ 200</u>	<u>\$ 96,089</u>	<u>\$ 363,414</u>	<u>\$ 459,703</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 187</u>	<u>\$ (93,770)</u>	<u>\$ (13,856)</u>	<u>\$ (107,439)</u>
Other financing sources (uses)				
Operating Transfers In	\$ -	\$ 381,585	\$ -	\$ 381,585
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ 381,585</u>	<u>\$ -</u>	<u>\$ 381,585</u>
Net change in fund balance	\$ 187	\$ 287,815	\$ (13,856)	\$ 274,146
Fund balance, beginning of year (as restated)	<u>\$ 100,154</u>	<u>\$ 428,070</u>	<u>\$ 126,924</u>	<u>\$ 655,148</u>
Fund balance, end of year	<u><u>\$ 100,341</u></u>	<u><u>\$ 715,885</u></u>	<u><u>\$ 113,068</u></u>	<u><u>\$ 929,294</u></u>

GREENSBURG SALEM SCHOOL DISTRICT

SINGLE AUDIT REPORT

YEAR ENDED JUNE 30, 2023

GREENSBURG SALEM SCHOOL DISTRICT
SINGLE AUDIT REPORT
YEAR ENDED JUNE 30, 2023

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**The Independent Auditor's Report on the Financial Statements and the Financial
Statements are bound separately.**



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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

Independent Auditor's Report

Members of the Board
Greensburg Salem School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Greensburg Salem School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Greensburg Salem School District's basic financial statements and have issued our report thereon dated June 6, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items (2023-001) that we consider to be material weaknesses.

Compliance and Other Matters

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

830 Sir Thomas Court, Suite 100, Harrisburg, PA 17109
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420 Chinquapin Round Road, Suite 2-i, Annapolis, MD 21401
210 Tollgate Hill Road, Greensburg, PA 15601

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Greensburg Salem School District
Page 2

Greensburg Salem School District's Response to Findings

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

Purpose of this Report

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

Zelenkofske Axlerod LLC

ZELENKOFKSKE AXELROD LLC

Pittsburgh, Pennsylvania
June 6, 2024



Zelenkofske Axlerod LLC

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditor's Report

Members of the Board
Greensburg Salem School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Greensburg Salem School District's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget ("OMB") OMB Compliance Supplement* that could have a direct and material effect on Greensburg Salem School District's major federal program for the year ended June 30, 2023. Greensburg Salem School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

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 (Governmental 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 Auditor's 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 relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

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Greensburg Salem School District
Page 4

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

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding 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, no such opinion is expressed

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



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Greensburg Salem School District
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Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-001 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



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Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Greensburg Salem School District as of and for the year ended June 30, 2023, and have issued our report thereon dated June 6, 2024, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Pittsburgh, Pennsylvania
June 6, 2024

Zelenkofske Axlerod LLC
ZELENKOFKSKE AXELROD LLC

**Greensburg Salem School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023**

FEDERAL GRANTOR	PROJECT TITLE	FUNDING SOURCE	ASSISTANCE LISTING NUMBER	PASS-THROUGH GRANTOR NUMBER	GRANT PERIOD BEGINNING / ENDING DATE	PROGRAM AWARD AMOUNT	2022-2023 PASSED THROUGH TO SUBRECIPIENTS	TOTAL RECEIVED THIS PERIOD	ACCRUED (DEFERRED) REVENUE JULY 1	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED (DEFERRED) REVENUE JUNE 30	
U.S. Department of Education:													
Passed through Pa. Dept. of Education:													
	Title I	Indirect	84.010	013-220173	7/01/2021 - 9/30/2022	\$ 919,102	\$ -	\$ 119,015	\$ 119,015	\$ -	\$ -	(1) \$ -	
	Title I	Indirect	84.010	013-230173	7/01/2022 - 9/30/2023	798,490	-	692,798	-	798,490	798,490	(1) 105,692	
	Title II - Improving Teacher Quality	Indirect	84.367	020-220173	7/01/2021 - 9/30/2022	112,531	-	29,953	29,953	-	-	-	
	Title II - Improving Teacher Quality	Indirect	84.367	020-230173	7/01/2022 - 9/30/2023	97,209	-	84,421	-	97,209	97,209	12,788	
	Title IV - SSAE	Indirect	84.424	144-220173	7/01/2021 - 9/30/2022	71,685	-	52,580	(14,711)	67,291	67,291	-	
	Title IV - SSAE	Indirect	84.424	144-230173	7/01/2022 - 9/30/2023	72,117	-	68,699	-	72,117	72,117	3,418	
	COVID-19 - ESSER II Fund Local	Indirect	84.425D	200-210173	3/13/2020 - 9/30/2023	3,520,035	-	1,884,163	337,701	1,546,461	1,546,461	(1) (0)	
	COVID-19 - ARP ESSER III Fund Local	Indirect	84.425U	223-210173	3/13/2020 - 9/30/2024	7,120,012	-	2,977,460	503,448	1,179,724	1,179,724	(1) (1,294,287)	
	ARP ESSER 7% (Learning Loss)	Indirect	84.425U	225-210173	3/13/2020 - 9/30/2024	395,275	-	229,978	34,138	250,189	250,189	(1) 54,349	
	ARP ESSER 7% (Summer Programs)	Indirect	84.425U	225-210173	3/13/2020 - 9/30/2024	79,055	-	45,996	9,280	59,713	59,713	(1) 22,998	
	ARP ESSER 7% (After School Programs)	Indirect	84.425U	225-210173	3/13/2020 - 9/30/2024	79,055	-	45,996	(9,471)	78,465	78,465	(1) 22,998	
	ARP ESSER 2.5%	Indirect	84.425U	224-210173	3/13/2020 - 9/30/2024	41,504	-	39,240	-	-	-	(1) -	
	ARP ESSER (Homeless Children and Youth)	Indirect	84.425W	181-212172	7/01/2021 - 9/30/2024	35,507	-	32,776	27,269	5,507	5,507	(1) -	
	Total Passed through Pa. Dept. of Education						\$ -	\$ -	\$ 6,303,074	\$ 1,075,862	\$ 4,155,166	\$ 4,155,166	\$ (1,072,046)
Passed through Westmoreland Intermediate Unit: Special Education Cluster													
	IDEA	Indirect	84.027	062-22-0000	7/1/2021 - 6/30/2022	\$ 668,178	\$ -	\$ 218,933	\$ 218,933	\$ -	\$ -	\$ -	
	IDEA	Indirect	84.027	062-22-0000	7/1/2022 - 6/30/2023	646,817	-	-	-	646,817	646,817	646,817	
	IDEA Section 619	Indirect	84.173	N/A	7/1/2021 - 6/30/2022	2,448	-	2,448	2,448	-	-	-	
	IDEA Section 619	Indirect	84.173	N/A	7/1/2022 - 6/30/2023	3,906	-	-	-	3,906	3,906	3,906	
	COVID-19 - ARP IDEA	Indirect	84.027X	062-22-0000	7/1/2021 - 9/30/2023	137,463	-	45,355	45,355	-	-	-	
	Total Passed through Westmoreland Intermediate Unit (Special Education Cluster)						\$ -	\$ -	\$ 266,736	\$ 266,736	\$ 650,723	\$ 650,723	\$ 650,723
	TOTAL DEPARTMENT OF EDUCATION						\$ -	\$ -	\$ 6,569,810	\$ 1,342,598	\$ 4,805,889	\$ 4,805,889	\$ (421,323)
U.S. Department of Agriculture													
Passed through Pa. Dept. of Education: (Child Nutrition Cluster)													
National School													
	Lunch Program	Indirect	10.555	N/A	7/1/2021 - 9/30/2023	N/A	\$ -	\$ 1,041,130	\$ 18,884	\$ 1,002,978	\$ 1,002,978	\$ (19,268)	
	Breakfast Program	Indirect	10.553	N/A	7/1/2021 - 9/30/2023	N/A	\$ -	\$ 398,391	\$ 8,003	\$ 382,840	\$ 382,840	\$ (7,548)	
	Supply Chain Assistance	Indirect	10.555	N/A	7/1/2021 - 9/30/2023	N/A	\$ -	\$ 77,724	\$ -	\$ 77,724	\$ 77,724	\$ (0)	
	Total passed through Pa. Dept. of Education (Child Nutrition Program Cluster)						\$ -	\$ -	\$ 1,517,245	\$ 26,887	\$ 1,463,542	\$ 1,463,542	\$ (26,816)
Passed through Pa. Dept. of Agriculture: (Child Nutrition Program Cluster)													
	National School Lunch Program	Indirect	10.555	N/A	7/1/2022 - 6/30/2023	N/A	\$ -	\$ 101,742 *	\$ (18,009) **	\$ 117,656	\$ 117,656	\$ (2,095) ***	
	Total passed through Pa. Dept. of Agriculture (Child Nutrition Program Cluster)						\$ -	\$ -	\$ 101,742	\$ (18,009)	\$ 117,656	\$ 117,656	\$ (2,095)
	Total Child Nutrition Program Cluster						\$ -	\$ -	\$ 1,618,987	\$ 8,878	\$ 1,581,198	\$ 1,581,198	\$ (28,911)
Passed through Pa. Department of Education:													
	P-EBT Local Admin Funds	Indirect	10.649	N/A	7/1/2021 - 9/30/2023	N/A	\$ -	\$ 628	\$ -	\$ 628	\$ 628	\$ -	
	Child Care	Indirect	10.558	N/A	7/1/2021 - 9/30/2023	N/A	\$ -	\$ 78,385	\$ -	\$ 78,385	\$ 78,385	\$ -	
	Total passed through Pa. Dept. of Education						\$ -	\$ -	\$ 79,013	\$ -	\$ 79,013	\$ 79,013	\$ -
	TOTAL U.S. DEPARTMENT OF AGRICULTURE						\$ -	\$ -	\$ 1,697,999	\$ 8,878	\$ 1,660,211	\$ 1,660,211	\$ (28,911)
U.S. Department of Health and Human Services:													
Passed through Pa. Dept. of Human Services:													
	Title 19	Indirect	93.778	N/A	7/1/21 - 6/30/2022	N/A	\$ -	\$ -	\$ 9,715	\$ 1,684	\$ 1,684	\$ 11,399	
	Total passed through Pa. Dept. of Human Services						\$ -	\$ -	\$ 9,715	\$ 9,715	\$ 1,684	\$ 1,684	\$ 11,399
	TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES						\$ -	\$ -	\$ 9,715	\$ 9,715	\$ 1,684	\$ 1,684	\$ 11,399
	TOTAL FEDERAL ASSISTANCE						\$ -	\$ -	\$ 8,267,810	\$ 1,361,191	\$ 6,467,784	\$ 6,467,784	\$ (438,835)

Reconciliation with federal subsidy confirmation:

Per above	\$ 8,267,810
School Lunch/Breakfast matching subsidy	103,541
IDEA	(266,736)
Title 19	-
Donated Commodities	(101,742)
	<u>\$ 8,002,874</u> Total
Per confirmation	<u>8,002,874</u>

* Total USDA Commodity Received

** Represents beginning inventory - 7/1/22

*** Represents ending inventory - 6/30/23

(1) Denotes Major Program

GREENSBURG SALEM SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

NOTE 1: REPORTING ENTITY

The Greensburg Salem School District (the "District") is the reporting entity for financial reporting purposes is defined in Note 1 to the District's financial statements.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards has been prepared on the basis of accounting practices prescribed or permitted by the Manual of Accounting and Related Financial Procedures for Pennsylvania School Systems, issued by the Pennsylvania Department of Education. These practices, as they apply to the District, are in conformity with U.S. generally accepted accounting principles. The District did not use the 10% de minimis indirect cost rate.

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule is presented using the accrual basis of accounting. Expenditures are recognized following cost principles contained in the Uniform Guidance. The School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4: NON-MONETARY ASSISTANCE

Non-monetary assistance was received from the U.S. Department of Agriculture in the amount of \$101,742 in the form of commodities. These commodities are valued at U.S.D.A.'s approximate costs. During the year ended June 30, 2022, the School District used \$117,656 in commodities and established a year-end inventory of \$2,095. The amount recognized as revenue of \$117,656 represents the commodities used versus the commodities received.

GREENSBURG SALEM SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

Section I - Summary of Auditor's Results:

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified not considered to be material weaknesses?
 yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified not considered to be material weaknesses?
 yes none reported

Type of auditors' report issued on compliance for major programs: unmodified

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

Identification of major programs:

<u>AL Number(s)</u>	<u>Name of Program or Cluster</u>
84.010	Title I
84.425	Elementary and Secondary School Emergency Relief Program

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

Auditee qualified as low-risk auditee? yes no

GREENSBURG SALEM SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

Section II – Findings Relating to the Financial Statements Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

See finding 2023-001 under Section III – Federal Award Findings and Questioned Costs

Section III – Federal Awards Findings and Questioned Costs.

FINDING 2023-001 – PROCUREMENT PROCEDURES (Material Weakness)

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

During the year ended June 30, 2023, as a result of a monitoring performed by the Pennsylvania Department of Education, it was decided the District would use local funds to pay for project costs previously recognized and charged to the Elementary and Secondary School Emergency Relief Fund (ESSER III) federal program. As a result, prior year revenues recognized had to be reclassified as unearned revenues and beginning fund balance/net position are restated. The district additionally reclassified the Trinity Project from a Federal purchase and will not submit it as an expenditure through the Federal ESSER funding for the 2023 fiscal year. Refer to Note 13 within the financial statements.

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

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

Subsequent to the issuance of the prior year audit, the District decided to use local funds for the project instead of the federal funds previously recognized. As a result, beginning fund balance/net position had to be restated for the previously recognized federal revenue.

IDENTIFICATION OF A REPEAT FINDING: This is a repeat finding from the immediate previous audit, 2022-001.

RECOMMENDATION: Management of the School District should review and update as necessary its procurement policies to ensure retention of the appropriate procurement documentation, in all instances, including such instances whereby the District complies with all applicable sections of the Uniform Guidance.

GREENSBURG SALEM SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

Section III – Federal Awards Findings and Questioned Costs (CONTINUED)

FINDING 2023-001 – PROCUREMENT PROCEDURES (Material Weakness) (Continued)

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

The district reviewed and made changes to its procurement procedures. The changes were reviewed with the district Administrators who are responsible for procurement. The district ensured that its Local Policy #610 Purchases Subject to Bid/Quotation was revised to the most current numbers and will follow the Local Policy when purchasing. The district will also follow the Uniform Guidance on procurement.

For all future projects, the district has partnered with an Architectural Firm who will prepare bid documents for the district. The district will advertise for seal bids for all projects that exceed the bid limits and award the bid to the lowest responsible bidder.

In response to the specific project in question, the district will be reclassifying the Trinity Project from a Federal purchase and will not submit it as an expenditure through the Federal ESSER funding.

GREENSBURG SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2023

DEPARTMENT OF EDUCATION:

- **FINDING 2022-001 – PROCUREMENT PROCEDURES (See Current Year Finding 2023-001)**
- **FINDING 2022-002 – PROCUREMENT PROCEDURES - RESOLVED**



GREENSBURG SALEM SCHOOL DISTRICT

1 ACADEMY HILL - GREENSBURG, PENNSYLVANIA 15601-1567

DR. KENNETH BISSELL
Superintendent

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

March 28, 2024

Corrective Action Response – Greensburg Salem School District

Finding 2023-001 – Procurement Procedures

The district immediately reviewed and made changes to its procurement procedures. The changes were immediately reviewed with the district Administrators who are responsible for procurement. The district made sure that it's Local Policy #610 Purchases Subject to Bid/Quotation was revised to the most current numbers and will following it's Local Policy when purchasing. The district will also follow the Uniform Guidance on procurement.

For all future projects, the district has partnered with an Architectural Firm who will prepare bid documents for the district. The district will advertise for seal bids for all projects that exceed the bid limits and award the bid to the lowest responsible bidder.

In response to the specific project in question, the district will be reclassifying the Trinity Project from a Federal purchase and will not submit it as an expenditure through the Federal ESSER funding.

Please feel free to contact me if you need any further information concerning this matter.

Sincerely,

Allison Willis
Business Manager/Board Secretary