

TROY AREA SCHOOL DISTRICT

***FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION***

FISCAL YEAR ENDED JUNE 30, 2023

WITH

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

TROY AREA SCHOOL DISTRICT

TABLE OF CONTENTS

2023 FINANCIAL STATEMENTS

Page

Transmittal Letter	1
Schedule of Report Distribution	2
Independent Auditor's Report	3-4
Management's Discussion and Analysis	5-12
Government-wide Financial Statements	
Statements of Net Position	13
Statements of Activities	14
Financial Statements	
Combined Balance Sheets - All Governmental Funds	15
Combined Statement of Revenue, Expenditures and Changes in Fund Equity - All Governmental Funds	16
Statement of Revenue, Expenditures and Changes in Fund Equity - Budget and Actual - General Fund	17
Statements of Net Position - Private Purpose Trust Fund	18
Statements of Changes in Net Position – Private Purpose Trust Fund	19
Statements of Net Position - Proprietary Fund	20
Statements of Revenue, Expenses and Changes in Net Position - Proprietary Fund	21
Statements of Cash Flows - Proprietary Fund	22
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	23
Reconciliation of Governmental Funds Revenue, Expenditures and Changes in Fund Equity to the Statement of Activities	24
Notes to the Financial Statements	25-43
Supplementary Information	
Comparatives Statements of Revenue and Expenditures - General Fund	44
Statement of Cash Receipts and Disbursements - Activity Fund	45
Schedule of Changes in the District's Net OPEB Liability and Related Ratios – District Plan	46
Schedule of Changes in the District's Net OPEB Liability and Related Ratios – PSERS Plan	47
Schedule of District's Contributions - OPEB – District Plan	48
Schedule of District's Contributions - OPEB – PSERS Plan	49
Schedule of the District's Proportionate Share of the Net Pension Liability	50
Schedule of District Contributions - Pension	51
Notes to the Schedule of Expenditures of Federal Awards	52
Schedule of Expenditures of Federal Awards	53
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with "Government Auditing Standards"	54-55
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance	56-57
Schedule of Findings and Questioned Costs	58-59
Schedule of Prior Audit Findings	60
Management Letter	61-63



TRANSMITTAL LETTER

**Pennsylvania Department of Education
Bureau of Budgets and Fiscal Management
Bureau Director
333 Market Street – 4th Floor
Harrisburg, PA 17126-0333**

Ladies and Gentlemen:

Enclosed you will find the audit package for the **Troy Area School District** for the year ended June 30, 2023.

We have audited the financial statements of the **Troy Area School District** for the year ended June 30, 2023 and have issued our report thereon dated December 5, 2023. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

In addition, we have issued a management letter dated December 5, 2023, which is included in the audit package.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
December 5, 2023**

TROY AREA SCHOOL DISTRICT
SCHEDULE OF REPORT DISTRIBUTION

<u>Agency</u>	<u>No. of Copies</u>
Board of Education Troy Area School District Troy, Pennsylvania	13
 Pennsylvania Department of Education Bureau of Budgets and Fiscal Management Bureau Director 333 Market Street – 4 th Floor Harrisburg, Pennsylvania 17126-0333	 1
 Single Audit Clearinghouse 1201 E. 10 th Street Jeffersonville, Indiana 47132.....	 1

INDEPENDENT AUDITOR'S REPORT

**To the President and Members of
The Board of Education
Troy Area School District
Troy, Pennsylvania**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities and each major fund of **Troy Area School District** as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise **Troy Area School District's** basic financial statements as listed in the table of contents. We have also audited the fiduciary fund types of **Troy Area School District** as of June 30, 2023, as displayed in the District's basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the **Troy Area School District**, as of June 30, 2023, and the respective changes in financial position and the respective budget comparison of the General Fund and the cash flows of the business-type activities for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Report on Summarized Comparative Information

We have previously audited the **Troy Area School District's** June 30, 2022 financial statements, and our report dated December 6, 2022, expressed unmodified opinions on the respective financial statements of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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 **Troy Area School District's** internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **Troy Area School District's** ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 5 through 12), schedule of changes in the District's net OPEB liability and related ratios – District Plan (page 46), schedule of changes in the District's net OPEB liability and related ratios – PSERS Plan (page 47), schedule of District contributions to OPEB – District Plan (page 48), schedule of District contributions to OPEB – PSERS Plan (page 49), schedule of the District's proportionate share of the net pension liability (page 50) and the schedule of District contributions – Pension (page 51) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 **Troy Area School District's** basic financial statements. The supplementary information including the Comparative Statements of Revenue and Expenditures – General Fund, Statement of Cash Receipts and Disbursements – Activity Fund and Schedule of Expenditures of Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the basic financial statements.

The supplementary information including the Comparative Statements of Revenue and Expenditures – General Fund, Statement of Cash Receipts and Disbursements – Activity Fund and Schedule of Expenditures of Federal Awards are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Comparative Statements of Revenue and Expenditures – General Fund, Statement of Cash Receipts and Disbursements – Activity Fund and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 5, 2023, on our consideration of the **Troy Area School District's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the **Troy Area School District's** internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering **Troy Area School District's** internal control over financial reporting and compliance.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
December 5, 2023**

I. Discussion and Analysis

The following is a discussion and analysis of the **Troy Area School District's** financial performance for the year ended June 30, 2023. The section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which follows this section.

II. Financial Highlights

The following items are the financial highlights experienced by the **Troy Area School District** during the fiscal year ended June 30, 2023:

- Overall net position from operations of the District increased \$4,140,000 during the fiscal year ended June 30, 2023. This consisted of a increase in governmental activities in the amount of \$4,041,000 and an increase in business-type activities \$99,000.
- The District's total revenue increased approximately \$817,000 from \$29,036,000 during the year ended June 30, 2022 to \$29,853,000 during the year ended June 30, 2023. This increase is primary related to increases in earned income and realty transfer taxes, state sources and interest earned, which were partially offset by a decrease in Pandemic related Federal sources.
- The District's total expenses decreased approximately \$247,000 from \$25,960,000 during the year ended June 30, 2022 to \$25,713,000 during the year ended June 30, 2023. This decrease was primarily related to decreases in charter school and other tuition, which was partially offset by increases in pension expense related to an actuarial update, along with contractual salary increases.
- The District had capital additions during the current fiscal year in the amount of \$248,000, which was comprised of \$234,000 in the governmental activities and \$14,000 in the business-type activities. The current year additions were primarily related to new bleachers, fitness equipment, cafeteria and other equipment purchases.

III. Overview of the Financial Statements

This annual report consists of three parts: MD&A (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of **Troy Area School District**.

A. Reporting the School District as a Whole (District-wide Financial Statements):

The district-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. Activities that are fiduciary in nature are not included in these statements.

1. Statement of Net Position

The Statement of Net Position (page 13) shows the School District's assets, deferred outflows of resources, liabilities, deferred inflows of resources and the net position. The Statement categorizes assets to show that some assets are very liquid, such as cash and cash equivalents. Some assets are restricted for certain purposes or reserved for emergencies and cash flow purposes. Some assets are invested in "fixed" or "capital" assets, such as buildings, equipment and other long-lived property; and some assets are available to fund budgets of the following year.

2. Statement of Activities

The Statement of Activities (page 14) shows amounts of program-specific and general District revenue used to support the various functions.

The Statement of Net Position and Statement of Activities divide the activities of the District into two categories: governmental activities (the school functions, including instruction, support services, non-instructional services, etc.; property taxes, state and federal revenue usually support most of these functions) and proprietary activities

The two district-wide statements report the School District's net position and how they have changed. Net Position– the difference between the District's assets and deferred outflows of resources and the District's liabilities and deferred inflows of resources – is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively. To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

III. Overview of the Financial Statements (continued)

B. Reporting the District's Most Significant Funds (Fund Financial Statements):

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or major funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Significance of funds is determined based on the proportional size of the funds, the relative importance of the activities of the funds to the District's operations, and the existence of legal budget requirements. Internal Service funds are never reported as major funds, but are combined and presented in a separate column.

The District has two kinds of funds:

1. Governmental Funds

Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and the balances left at year-end that are available for spending. Consequently the governmental funds statements provide a detailed short-term

III. Overview of the Financial Statements (continued)

B. Reporting the District's Most Significant Funds (Fund Financial Statements) (continued):

1. Governmental Funds (continued)

view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

2. Fiduciary Funds

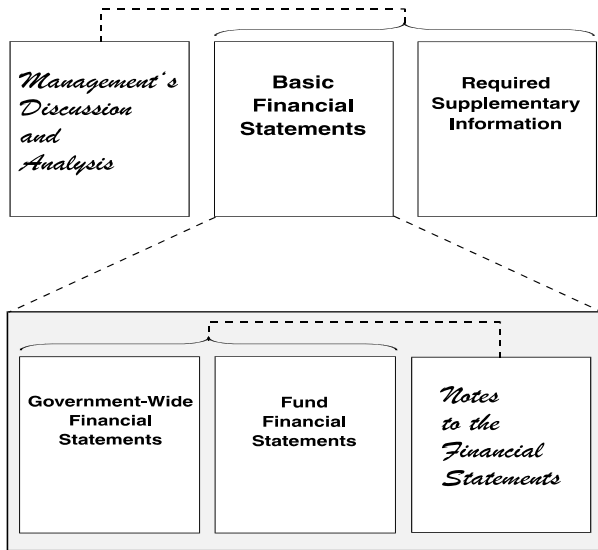
The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

Figure A-1 - Major Features of the District-Wide Statements and Fund Financial Statements

	Fund Financial Statements		
	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Funds used to account for resources held for the benefit of parties outside the District
Required financial statements	Statement of Net Position (Deficit) Statement of Activities	Balance Sheet Statement of Revenue, Expenditures, and Changes in Fund Balances	Statement of Net Position (Deficit) Statement of Changes in Net Position (Deficit)
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources /liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

**TROY AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Figure A-2 - Required Components of the District's Annual Financial Report



Summary ← → **Detail**

Figure A-3 – Condensed Statement of Net Position

<i>Troy Area School District</i>									
<i>Condensed Statement of Net Position (in thousands of dollars)</i>									
	Governmental Activities			Business-type Activities			Total		
	2023	2022	% Change	2023	2022	% Change	2023	2022	% Change
Assets									
Current and other assets	\$ 12,926	\$ 10,986	18%	\$ 629	\$ 528	19%	\$ 13,555	\$ 11,514	18%
Capital assets	39,297	40,078	-2%	56	51	9%	39,353	40,129	-2%
Total assets	<u>52,223</u>	<u>51,064</u>	<u>2%</u>	<u>685</u>	<u>579</u>	<u>18%</u>	<u>52,908</u>	<u>51,643</u>	<u>2%</u>
Deferred Outflows of Resources									
Deferred outflows related to pensions and OPEB	6,831	7,716	-11%	-	-	n/a	6,831	7,716	-11%
Total assets and deferred outflows of resources	<u>\$ 59,054</u>	<u>\$ 58,780</u>	<u>0%</u>	<u>\$ 685</u>	<u>\$ 579</u>	<u>18%</u>	<u>\$ 59,739</u>	<u>\$ 59,359</u>	<u>1%</u>
Liabilities									
Other liabilities	\$ 3,144	\$ 3,108	1%	\$ 87	\$ 81	8%	\$ 3,231	\$ 3,189	1%
Long-term debt outstanding	58,450	59,357	-2%	-	-	-	58,450	59,357	-2%
Total liabilities	<u>61,594</u>	<u>62,465</u>	<u>-1%</u>	<u>87</u>	<u>81</u>	<u>8%</u>	<u>61,681</u>	<u>62,546</u>	<u>-1%</u>
Deferred Inflows of Resources									
Deferred inflows related to pensions and OPEB	3,071	5,967	-49%	-	-	n/a	3,071	5,967	-49%
Total deferred inflows of resources and liabilities	<u>64,665</u>	<u>68,432</u>	<u>-6%</u>	<u>87</u>	<u>81</u>	<u>8%</u>	<u>64,752</u>	<u>68,513</u>	<u>-5%</u>
Net Position									
Invested in capital assets, net of related debt	17,837	16,647	7%	56	51	9%	17,893	16,698	7%
Restricted	1,857	1,415	31%	-	-	-	1,857	1,415	31%
Unrestricted									
Unreserved (deficit)	(25,305)	(27,714)	-9%	542	447	21%	(24,763)	(27,267)	-9%
Total net position (deficit)	<u>(5,611)</u>	<u>(9,652)</u>	<u>-42%</u>	<u>598</u>	<u>498</u>	<u>20%</u>	<u>(5,013)</u>	<u>(9,154)</u>	<u>-45%</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 59,054</u>	<u>\$ 58,780</u>	<u>0%</u>	<u>\$ 685</u>	<u>\$ 579</u>	<u>18%</u>	<u>\$ 59,739</u>	<u>\$ 59,359</u>	<u>1%</u>

IV. Financial Analysis of the School District as Whole

Net Position

The District's total reporting entity net deficit was approximately \$5,013,000 as of June 30, 2023. The components of net deficit include: net investment in capital assets of \$17,893,000; restricted net position for capital reserve and debt service in the amount of \$1,857,000 and unrestricted net deficit of \$24,763,000.

Changes in Net Position

The District's total government-wide revenue increased by 3% to \$29,853,000. Approximately 31%, 31% and 35% of total revenue is derived from the property taxes, operating grants and state sources, respectively. The remaining 3% comes from federal aid, sale of property, local sources, charges for services and other sources.

The total cost of all programs and services of the District decreased 1% to \$25,713,000. The District's expenses cover a range of services, with 59% related to instruction and 31% related to support services.

Figure A-4 – Changes in Net Position from Operating Results

<i>Troy Area School District</i>									
<i>Changes in Net Position from Operating Results (in thousands of Dollars)</i>									
	Governmental Activities			Business-type activities			Total		
	2023	2022	% Change	2023	2022	% Change	2023	2022	% Change
Revenue									
Program revenue									
Charges for services	\$ 343	\$ 161	113%	\$ 240	\$ 77	212%	\$ 583	\$ 238	145%
Operating grants and contributions	8,254	8,371	-1%	915	1,179	-22%	9,169	9,550	-4%
General revenue									
Taxes	9,342	8,985	4%	-	-	-	9,342	8,985	4%
Interest earned	194	21	824%	16	-	100%	210	21	900%
Local sources	37	346	-89%	-	-	-	37	346	-89%
State sources	10,512	9,896	6%	-	-	-	10,512	9,896	6%
Transfers in (out)	-	-	-	-	-	n/a	-	-	-
Total revenue	<u>28,682</u>	<u>27,780</u>	<u>3%</u>	<u>1,171</u>	<u>1,256</u>	<u>-7%</u>	<u>29,853</u>	<u>29,036</u>	<u>3%</u>
Expenses									
Instruction	15,686	15,987	-2%	-	-	-	15,686	15,987	-2%
Support services	7,611	7,588	0%	-	-	-	7,611	7,588	0%
Non-instructional services	692	659	5%	-	-	-	692	659	5%
Other uses									
Debt service - interest	652	708	-8%	-	-	-	652	708	-8%
Business-type (food service fund)	-	-	-	1,072	1,018	5%	1,072	1,018	5%
Total expenses	<u>24,641</u>	<u>24,942</u>	<u>-1%</u>	<u>1,072</u>	<u>1,018</u>	<u>5%</u>	<u>25,713</u>	<u>25,960</u>	<u>-1%</u>
Change in net position	<u>\$ 4,041</u>	<u>\$ 2,838</u>		<u>\$ 99</u>	<u>\$ 238</u>		<u>\$ 4,140</u>	<u>\$ 3,076</u>	

IV. Financial Analysis of the School District as a Whole (continued)

Figure A-5 through figure A-8 and the narrative that follows considers the operations of governmental activities, along with revenue and net costs percentages for governmental activities.

Governmental Activities - Revenue

Revenue of the District's governmental activities increased 3%, while total expenses decreased 1%. The District's net position from operations increased approximately \$4,041,000 during the fiscal year ended June 30, 2023.

Figure A-4 presents the major sources of revenue of the District's governmental activities. Total revenue of the District was \$28,682,000 for the fiscal year ended June 30, 2023. The most significant changes in the District's governmental revenue are more thoroughly discussed as follows:

- Tax revenue which represents approximately 31% of the District's total revenue for governmental activities increased approximately 4% during the year ended June 30, 2023 related to increases in earned income and realty transfer taxes.
- The District's state sources which represent \$10,512,000 or 35% of total governmental revenue increased approximately 6% in comparison with the prior year primarily related to basic state subsidy.

IV. Financial Analysis of the School District as a Whole (continued)

Governmental Activities - Revenue (continued)

- During the year ended June 30, 2023, the District saw an increase in program revenue, which mostly resulted in a decrease in operating grants and contributions which decreased \$117,000 over prior year revenue which was partially offset by an increase in charges for services in the amount of \$182,000. The decrease in operating grants and contributions was primarily attributed to a decrease in Federal COVID-19 funding received in the current year. Increases in charges for services were related to student activities receipts which were previously reported as general revenue.

Governmental Activities - Expenses

Figure A-8 presents the cost of each of the District's five largest expenditure-type, which include; instruction, support services, non-instructional services, debt service and food service; as well as each expenditure-type's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the District's taxpayers and Commonwealth of Pennsylvania by each of these functions. Total costs of the District's governmental activities were \$24,641,000.

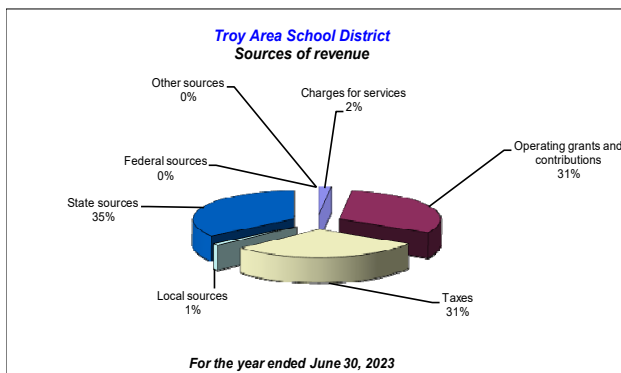
IV. Financial Analysis of the School District as a Whole (continued)

Governmental Activities - Expenses (continued)

The most significant changes in the District's governmental expenses are more thoroughly discussed as follows:

- The District's instruction costs decreased by approximately \$301,000 or 2% which was primarily due to a decrease in charter school and other tuition. This decrease was partially offset by an increase in pension expense related to an actuarial update.
- The District's support services costs increased by approximately \$23,000 or 0% during the year ended June 30, 2023 due to an increase in actuarial calculated pension expense and contractual salary increases.
- Non-instructional costs of the District increased approximately \$33,000 or 5% during the year ended June 30, 2023 mostly related to student activities.

Figure A-5 – District-wide Sources of Revenue



IV. Financial Analysis of the School District as a Whole (continued)

Governmental Activities - Expenses (continued)

- The District's other financing uses decreased \$56,000.
- For governmental activities, the District received approximately \$8,597,000 of operating grants and charges for services from its state and federal grants which subsidized certain programs of the District.
- Most of the District's net costs (\$16.0 million) were financed by real property taxes and state aid.

Figure A-6 – District-wide Expenses

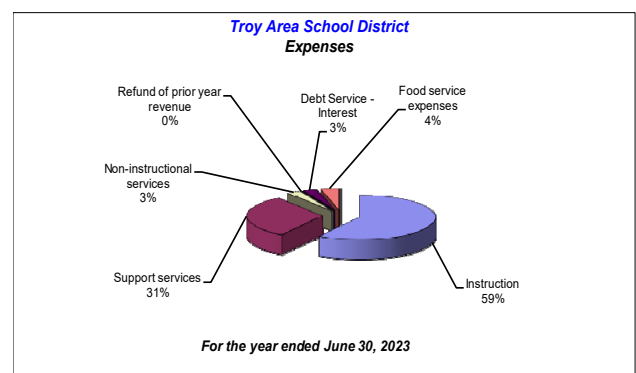


Figure A-7 – Expenditures Supported with Program Revenue

<i>Troy Area School District</i>												
<i>Expenditures supported with program revenue (in thousands of dollars)</i>												
	Governmental Activities				Business-type Activities				Total			
	2023		2022		2023		2022		2023		2022	
Expenditures supported with general revenue (from taxes & other sources)	\$ 16,044	65%	\$ 16,410	66%	\$ (83)	-8%	\$ (238)	-23%	\$ 15,961	62%	\$ 16,172	62%
Expenditures supported with program revenue	8,597	35%	8,532	34%	1,155	108%	1,256	123%	9,752	38%	9,788	38%
Total expenditures related to governmental activities	\$ 24,641	100%	\$ 24,942	100%	\$ 1,072	100%	\$ 1,018	100%	\$ 25,713	100%	\$ 25,960	100%

Figure A-8 – Net Cost of Governmental Activities

<i>Troy Area School District</i>									
<i>Net Cost of District-wide expenses (in thousands of dollars)</i>									
	Total cost of services			Net cost of services					
	2023	2022	Change	2023	2022	Change			
Instruction	\$ 15,686	\$ 15,987	\$ (301)	\$ 10,856	\$ 10,799	\$ 57			
Support services	7,611	7,588	23	5,002	5,217	(215)			
Non-instructional services	692	659	33	426	576	(150)			
Debt service - interest	652	708	(56)	(240)	(182)	(58)			
Food service	1,072	1,018	54	(83)	(238)	155			
Total	\$ 25,713	\$ 25,960	\$ (247)	\$ 15,961	\$ 16,172	\$ (211)			

V. Financial Analysis of the School District's Funds

It is important to note that variances between years for the governmental fund financial statements (Balance Sheets and Statement of Revenue, Expenditures and Changes in Fund Equity) are not the same as variances between years for the District-wide financial statements (Statement of Net Position (Deficit) and Statement of Activities). The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting, while the statement of Net Position (Deficit) are presented on the full accrual method of accounting. Therefore, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds.

Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt. Below is a description of the most significant changes to the fund financial statements from that reported in the previous year.

General Fund

- The District's general fund revenues and other sources exceeded its expenditures and other uses by approximately \$1,414,000.

**V. Financial Analysis of the School District's Funds
(continued)**

General Fund (continued)

- The District's general fund unassigned fund balance equated to approximately \$2,641,000 as of June 30, 2023.
- The District had assigned fund balance as of June 30, 2023 in the amount of approximately \$1,463,000.
- The District had committed fund balance of as of June 30, 2023 in the amount of \$3,312,000.
- The District's total assets increased approximately \$1,779,000 while liabilities and deferred inflows of resources increased \$365,000 during the year ended June 30, 2023. The increase in assets was primarily due to an increase in cash which was partially offset by a decrease in intergovernmental receivables, while the increase in liabilities was primarily related to a decrease in accounts payable and unearned revenue.
- Total revenue in the District's general fund increased \$811,000 which was primarily related to an increase earned income and realty transfer taxes, state subsidy and interest income, partially offset by a decrease in Federal COVID-19 funding. Total expenditures and other uses decreased \$720,000, which resulted from decreases in charter school and other tuition, along with a decrease in technology purchases.

**V. Financial Analysis of the School District's Funds
(continued)**

Capital Reserve Fund

During the current year, the District had revenue in the amount of approximately \$41,000 related to interest earned and a transfer from the general fund. There were no expenditures in its capital reserve fund during the current year.

Special Revenue Fund

During the current year, the District had revenue and expenditures related to the extraclassroom activity.

VI. General Fund Budgetary Highlight

Over the course of the year, the District makes many budget transfers. After such transfers, the revised budget presents actual expenditures being approximately \$1,810,000 below the revised budget. The most significant variances were in instruction and support services which were \$853,000 and \$893,000, respectively, below that budgeted. On the other hand, resources available for appropriations were approximately \$169,000 below the final budgeted amount. Significant variance of revenue items consisted of Federal sources which totaled \$894,000, below that budgeted, while local sources and other sources were \$534,000 and \$191,000, respectively, above the revised budget.

Figure A-9 – General Fund Budget vs. Actual

<i>Troy Area School District</i>				
<i>General Fund - Budget vs Actual Comparison (in thousands of dollars)</i>				
	Revised Budget	Actual	Difference	
Revenue				
Local sources	\$ 9,668	\$ 10,202	\$ 534	
State sources	16,784	16,975	191	
Federal sources	2,216	1,322	(894)	
Other sources	-	-	-	
Total revenue	\$ 28,668	\$ 28,499	\$ (169)	
Expenditures				
Instruction	\$ 16,637	\$ 15,784	\$ 853	
Support services	8,578	7,685	893	
Non-instructional services	533	558	(25)	
Budgetary reserve	500	-	500	
Debt service	2,622	2,622	-	
Operating transfers	25	436	(411)	
Total expenditures	\$ 28,895	\$ 27,085	\$ 1,810	

VII. Capital Asset and Debt Administration

Capital Assets

As depicted in Figure A-10, as of June 30, 2023, the District had invested \$39,353,000 in a broad range of capital assets, including reconstruction projects and other equipment. Capital additions made during the year ended June 30, 2023, totaled approximately \$248,000 and was primarily due to new bleachers, fitness equipment, cafeteria equipment and other equipment.

Long-term Debt

As depicted in Figure A-11, as of June 30, 2023, the District had approximately \$58,451,000 in bonds, leases, net pension liability, other post-employment benefits and compensated absences. The overall outstanding balance decreased approximately 2% as compared with the previous year. The decrease in the other post-employment benefit liabilities was the result of actuarial updates and the increase in the District's proportionate share of the net pension liability of the State's pension system was the result of an actuarial update. Bonds payable decreased as a result from the District making regularly scheduled principal payments.

Figure A-10 – Capital Assets

<i>Troy Area School District</i>			
<i>Capital Assets (net of depreciation)</i>			
	Governmental Activities & Total District-wide		
	2023	2022	Change
Land and site improvements	\$ 2,990,153	\$ 3,082,371	-3%
Building and construction-in-progress	35,113,702	35,719,758	-2%
Furniture and equipment	1,216,630	1,294,577	-6%
Transportation vehicles	32,734	32,734	0%
Total Capital Assets, net	\$ 39,353,219	\$ 40,129,440	-2%

Figure A-11 – Outstanding Long-term Debt

<i>Troy Area School District</i>			
<i>Outstanding Long-Term Debt and Liabilities</i>			
	Governmental Activities & Total District-wide		
	2023	2022	Change
Bonds payable	\$ 21,233,188	\$ 23,179,328	-8%
Net pension liability	31,343,000	28,945,000	8%
Compensated absences	109,637	114,749	-4%
Other post employment benefits	5,765,023	7,118,578	-19%
Total Long-Term Liabilities	\$ 58,450,848	\$ 59,357,655	-2%

VIII. Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The District is uncertain as to the ongoing impact on Federal and State subsidy as it moves out of the Pandemic.

IX. Contacting the District's Financial Management

This financial report is designed to provide citizens, taxpayers, customers and investors and creditors with a general overview of the finances of the District and to demonstrate our accountability with the money we receive. If you have any questions about this report or need additional financial information, please contact:

Troy Area School District
Ms. Traci Gilliland, Business Manager
District Administrative Offices
68 Fenner Avenue
Troy, PA 16947

**TROY AREA SCHOOL DISTRICT
STATEMENTS OF NET POSITION
AS OF JUNE 30, 2023**

	2023			2022
	Governmental Activities	Business-Type Activities	Total	Total
Assets				
Cash				
Unrestricted	\$ 8,191,446	\$ 503,330	\$ 8,694,776	\$ 5,980,545
Restricted	1,856,746	-	1,856,746	1,415,479
Receivables				
Taxes, net	805,053	-	805,053	757,326
State and federal aid	1,860,747	-	1,860,747	2,994,302
Other receivables	51,819	411	52,230	37,505
Due from other governmental activities	-	78,080	78,080	67,384
Inventories	-	46,506	46,506	47,442
Prepaid expenses	160,504	-	160,504	213,992
Capital assets, net	39,297,022	56,197	39,353,219	40,129,440
Total assets	<u>52,223,337</u>	<u>684,524</u>	<u>52,907,861</u>	<u>51,643,415</u>
Deferred Outflows of Resources				
Deferred outflows related to pensions	4,742,020	-	4,742,020	5,380,441
Deferred outflows related to OPEB	2,088,835	-	2,088,835	2,335,437
Total deferred outflows of resources	<u>6,830,855</u>	<u>-</u>	<u>6,830,855</u>	<u>7,715,878</u>
Total assets and deferred outflows of resources	<u>\$ 59,054,192</u>	<u>\$ 684,524</u>	<u>\$ 59,738,716</u>	<u>\$ 59,359,293</u>
Liabilities				
Current liabilities				
Accounts payable and retainage payable	\$ 461,985	\$ 1,163	\$ 463,148	\$ 506,477
Accrued liabilities	2,294,924	45,008	2,339,932	2,284,469
Accrued interest	227,182	-	227,182	251,698
Due to business type activities	78,080	-	78,080	67,384
Unearned revenue	81,933	40,581	122,514	78,967
Long-term liabilities				
Portion due or payable within one year				
Bonds payable	1,915,000	-	1,915,000	1,840,000
Portion due or payable after one year				
Bonds payable, net	19,318,188	-	19,318,188	21,339,328
Net pension liability	31,343,000	-	31,343,000	28,945,000
Compensated absences	109,637	-	109,637	114,749
Other post employment benefits	5,765,023	-	5,765,023	7,118,578
Total liabilities	<u>61,594,952</u>	<u>86,752</u>	<u>61,681,704</u>	<u>62,546,650</u>
Deferred Inflows of Resources				
Deferred inflows related to pensions	875,000	-	875,000	5,108,000
Deferred inflows related to OPEB	2,195,941	-	2,195,941	858,593
Total deferred inflows of resources	<u>3,070,941</u>	<u>-</u>	<u>3,070,941</u>	<u>5,966,593</u>
Net Position				
Net investment in capital assets	17,836,652	56,197	17,892,849	16,698,414
Restricted for				
Capital	1,856,746	-	1,856,746	1,415,479
Unrestricted (deficit)	(25,305,099)	541,575	(24,763,524)	(27,267,843)
Total net position (deficit)	<u>(5,611,701)</u>	<u>597,772</u>	<u>(5,013,929)</u>	<u>(9,153,950)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 59,054,192</u>	<u>\$ 684,524</u>	<u>\$ 59,738,716</u>	<u>\$ 59,359,293</u>

**TROY AREA SCHOOL DISTRICT
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30,**

	2023							2022
	Expenses	Indirect Expenses Allocation	Program Revenues Charges for Services	Operating Grants	Net (Expense) Governmental Activities	Revenue and Business-Type Activities	Changes in Net Position Total	Net (Expense) Revenue and Changes in Net Position
Functions/Programs								
Governmental Activities:								
Instruction	\$ 15,022,982	\$ 662,885	\$ 50,291	\$ 4,779,247	\$ (10,856,329)	\$ -	\$ (10,856,329)	\$ (10,799,116)
Instructional student support	2,016,725	98,639	-	941,841	(1,173,523)	-	(1,173,523)	(1,276,046)
Administrative and financial support services	1,781,300	78,355	-	237,749	(1,621,906)	-	(1,621,906)	(1,543,068)
Operation and maintenance of plant services	1,816,959	82,138	85,359	25,670	(1,788,068)	-	(1,788,068)	(1,945,271)
Pupil transportation	1,446,284	63,581	-	1,320,091	(189,774)	-	(189,774)	(258,989)
Central support	227,867	-	-	-	(227,867)	-	(227,867)	(193,948)
Student activities	661,879	29,863	207,487	57,882	(426,373)	-	(426,373)	(576,124)
Debt service	651,613	-	-	891,722	240,109	-	240,109	181,984
Depreciation	1,015,461	(1,015,461)	-	-	-	-	-	-
Total governmental activities	24,641,070	-	343,137	8,254,202	(16,043,731)	-	(16,043,731)	(16,410,578)
Business-type activities:								
Food services	1,071,530	-	240,151	914,768	-	83,389	83,389	238,017
Total functions and programs	\$ 25,712,600	\$ -	\$ 583,288	\$ 9,168,970	(16,043,731)	83,389	(15,960,342)	(16,172,561)

General Revenue

Real property taxes, levied for general purposes	7,693,145	-	7,693,145	7,582,917
Other taxes levied	1,648,938	-	1,648,938	1,402,448
Interest earnings	193,807	16,127	209,934	21,319
Other local sources	36,242	-	36,242	345,598
State sources	10,512,104	-	10,512,104	9,895,816
Federal sources	-	-	-	430
	<hr/>			
Total general revenue	20,084,236	16,127	20,100,363	19,248,528
	<hr/>			
Change in net position	4,040,505	99,516	4,140,021	3,075,967
	<hr/>			
Net position (deficit) - beginning of year	(9,652,206)	498,256	(9,153,950)	(12,229,917)
	<hr/>			
Net position (deficit) - end of year	\$ (5,611,701)	\$ 597,772	\$ (5,013,929)	\$ (9,153,950)
	<hr/> <hr/>			

**TROY AREA SCHOOL DISTRICT
COMBINED BALANCE SHEETS – ALL GOVERNMENTAL FUNDS
AS OF JUNE 30,**

	2023			2022	
	General	Capital Reserve	Special Revenue	Total	(Memo only) Total
Assets					
Unrestricted cash and cash equivalents	\$ 8,494,112	\$ -	\$ 132,693	\$ 8,626,805	\$ 5,666,384
Restricted cash	-	1,421,387	-	1,421,387	1,350,736
Taxes receivable, net	805,053	-	-	805,053	757,326
Intergovernmental receivables	1,860,747	-	-	1,860,747	2,962,669
Due from other funds	7,750	435,359	334	443,443	143,521
Other receivables	51,819	-	-	51,819	35,225
Prepaid expenses	160,504	-	-	160,504	213,992
Total assets	<u>\$ 11,379,985</u>	<u>\$ 1,856,746</u>	<u>\$ 133,027</u>	<u>\$ 13,369,758</u>	<u>\$ 11,129,853</u>
Liabilities, Deferred Inflows of Resources and Fund Equity					
Liabilities					
Accounts payable	\$ 459,044	\$ -	\$ 2,941	\$ 461,985	\$ 506,477
Accrued salaries and benefits	2,292,559	-	-	2,292,559	2,242,229
Payroll deductions and withholdings	2,365	-	-	2,365	2,146
Due to other funds	517,832	-	3,691	521,523	210,905
Unearned revenue	81,933	-	-	81,933	38,395
Total liabilities	<u>3,353,733</u>	<u>-</u>	<u>6,632</u>	<u>3,360,365</u>	<u>3,000,152</u>
Deferred Inflows of Resources					
Deferred inflows - delinquent real estate taxes	449,079	-	-	449,079	437,442
Fund Equity					
Nonspendable	160,504	-	-	160,504	213,992
Restricted	-	1,856,746	-	1,856,746	1,415,479
Committed	3,312,135	-	126,395	3,438,530	3,025,448
Assigned	1,463,262	-	-	1,463,262	1,440,896
Unassigned	2,641,272	-	-	2,641,272	1,596,444
Total fund equity	<u>7,577,173</u>	<u>1,856,746</u>	<u>126,395</u>	<u>9,560,314</u>	<u>7,692,259</u>
Total liabilities, deferred inflows of resources and fund equity	<u>\$ 11,379,985</u>	<u>\$ 1,856,746</u>	<u>\$ 133,027</u>	<u>\$ 13,369,758</u>	<u>\$ 11,129,853</u>

TROY AREA SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND
EQUITY - ALL GOVERNMENTAL FUNDS
FOR THE YEARS ENDED JUNE 30,

	2023				2022
	General	Capital Reserve	Special Revenue	Total	(Memo only) Total
Revenue					
Local sources	\$ 10,201,666	\$ 5,158	\$ 166,267	\$ 10,373,091	\$ 9,837,334
State sources	16,974,886	-	-	16,974,886	16,101,235
Federal sources	1,321,961	-	-	1,321,961	1,872,773
Interfund transfers	-	436,109	-	436,109	44,883
Total revenue and other sources	<u>28,498,513</u>	<u>441,267</u>	<u>166,267</u>	<u>29,106,047</u>	<u>27,856,225</u>
Expenditures					
Instruction	15,784,248	-	-	15,784,248	16,284,141
Support services	7,684,277	-	-	7,684,277	8,169,682
Noninstructional services	557,904	-	153,185	711,089	700,891
Facility acquisition, construction, and improvement services	-	-	-	-	(21,564)
Other financing uses					
Debt service	2,622,269	-	-	2,622,269	2,727,551
Interfund transfers	436,109	-	-	436,109	44,883
Total expenditures and other financing uses	<u>27,084,807</u>	<u>-</u>	<u>153,185</u>	<u>27,237,992</u>	<u>27,905,584</u>
Excess (deficiency) of revenue and other sources over expenditures and other financing uses	1,413,706	441,267	13,082	1,868,055	(49,359)
Fund equity, beginning of year	<u>6,163,467</u>	<u>1,415,479</u>	<u>113,313</u>	<u>7,692,259</u>	<u>7,741,618</u>
Fund equity, end of year	<u>\$ 7,577,173</u>	<u>\$ 1,856,746</u>	<u>\$ 126,395</u>	<u>\$ 9,560,314</u>	<u>\$ 7,692,259</u>

TROY AREA SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND EQUITY -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Revised Budget	Current Year's Actual	Favorable (Unfavorable) Revised Budget
Revenues				
Local sources	\$ 9,668,045	\$ 9,668,045	\$ 10,201,666	\$ 533,621
State sources	16,783,549	16,783,549	16,974,886	191,337
Federal sources	2,216,374	2,216,374	1,321,961	(894,413)
Total revenue	<u>28,667,968</u>	<u>28,667,968</u>	<u>28,498,513</u>	<u>(169,455)</u>
Expenditures				
Instruction				
Regular programs	11,359,939	11,359,939	10,987,503	372,436
Special programs	4,436,120	4,436,120	4,048,053	388,067
Vocational education programs	724,617	724,617	726,810	(2,193)
Other instructional programs	116,624	116,624	21,882	94,742
Total instruction	<u>16,637,300</u>	<u>16,637,300</u>	<u>15,784,248</u>	<u>853,052</u>
Support Services				
Pupil personnel	1,000,205	1,000,205	993,524	6,681
Instructional staff	894,462	894,462	780,056	114,406
Administration	1,601,189	1,601,189	1,486,648	114,541
Pupil health	252,131	252,131	253,656	(1,525)
Business	487,752	487,752	379,100	108,652
Operation and maintenance	2,266,870	2,266,870	1,939,806	327,064
Student transportation services	1,666,939	1,666,939	1,513,964	152,975
Central support services	407,894	407,894	337,523	70,371
Total support services	<u>8,577,442</u>	<u>8,577,442</u>	<u>7,684,277</u>	<u>893,165</u>
Noninstructional services				
Student activities	531,303	531,303	557,904	(26,601)
Community services	1,300	1,300	-	1,300
Total noninstructional services	<u>532,603</u>	<u>532,603</u>	<u>557,904</u>	<u>(25,301)</u>
Other financing uses				
Budgetary reserve	500,000	500,000	-	500,000
Debt service	2,622,269	2,622,269	2,622,269	-
Interfund transfers	25,000	25,000	436,109	(411,109)
Total other financing uses	<u>3,147,269</u>	<u>3,147,269</u>	<u>3,058,378</u>	<u>88,891</u>
Total expenditures and other financing uses	<u>28,894,614</u>	<u>28,894,614</u>	<u>27,084,807</u>	<u>1,809,807</u>
Excess (deficiency) of revenue and other sources over expenditures and other financing uses	<u>\$ (226,646)</u>	<u>\$ (226,646)</u>	<u>1,413,706</u>	<u>\$ 1,640,352</u>
Fund equity, beginning of year			<u>6,163,467</u>	
Fund equity, end of year			<u>\$ 7,577,173</u>	

TROY AREA SCHOOL DISTRICT
STATEMENTS OF NET POSITION – PRIVATE PURPOSE TRUST FUND
AS OF JUNE 30,

	2023	2022
Assets		
Cash	\$ 58,343	\$ 57,945
Total assets	<u>\$ 58,343</u>	<u>\$ 57,945</u>
Liabilities	<u>\$ -</u>	<u>\$ -</u>
Net position		
Reserved for scholarships	<u>58,343</u>	<u>57,945</u>
Total liabilities and net position	<u>\$ 58,343</u>	<u>\$ 57,945</u>

TROY AREA SCHOOL DISTRICT

**STATEMENTS OF CHANGES IN NET POSITION - PRIVATE PURPOSE TRUST FUND
FOR THE YEARS ENDED JUNE 30,**

	2023	2022
Additions		
Gifts and contributions	\$ 4,195	\$ 10,830
Interest earnings	206	227
Total additions	4,401	11,057
Deductions		
Scholarships awarded	4,003	3,750
Total deductions	4,003	3,750
Change in net position	398	7,307
Net position - beginning of year	57,945	50,638
Net position - end of year	<u>\$ 58,343</u>	<u>\$ 57,945</u>

TROY AREA SCHOOL DISTRICT
STATEMENTS OF NET POSITION - PROPRIETARY FUND
AS OF JUNE 30,

	2023	2022
Assets		
Cash and cash equivalents	\$ 503,330	\$ 378,904
Intergovernmental receivables	-	31,633
Other receivables	411	2,280
Due from other funds	82,138	145,748
Inventories	46,506	47,442
Capital assets, net	56,197	51,279
	<hr/>	<hr/>
Total assets	\$ 688,582	\$ 657,286
	<hr/> <hr/>	<hr/> <hr/>
Liabilities		
Accounts payable	\$ 1,163	\$ -
Accrued liabilities	45,008	40,094
Unearned revenue	40,581	40,572
Due to other funds	4,058	78,364
	<hr/>	<hr/>
Total liabilities	90,810	159,030
	<hr/>	<hr/>
Net Position		
Invested in capital assets	56,197	51,279
Unrestricted	541,575	446,977
	<hr/>	<hr/>
Total net position	597,772	498,256
	<hr/>	<hr/>
Total liabilities and net position	\$ 688,582	\$ 657,286
	<hr/> <hr/>	<hr/> <hr/>

TROY AREA SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION -
PROPRIETARY FUND
FOR THE YEARS ENDED JUNE 30,

	2023	2022
Operating revenue		
Food service revenue	\$ 240,151	\$ 77,290
Operating expenses		
Salaries and benefits	614,400	604,936
Purchased food	319,118	282,506
Supplies	107,856	98,575
Depreciation	9,339	10,047
Other operating expenses	20,817	22,072
Total operating expenses	1,071,530	1,018,136
Total net operating loss	(831,379)	(940,846)
Non-operating revenues		
State sources	165,103	104,675
Federal sources	749,665	1,074,188
Interest income	16,127	-
Total non-operating revenues	930,895	1,178,863
Change in net position	99,516	238,017
Total net position, beginning	498,256	260,239
Total net position, ending	\$ 597,772	\$ 498,256

TROY AREA SCHOOL DISTRICT
STATEMENTS OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEARS ENDED JUNE 30,

	2023	2022
Cash flows from operating activities		
Cash received from users	\$ 242,020	\$ 75,095
Cash payments to or on behalf of employees for services	(609,486)	(612,050)
Cash payments to suppliers for goods and services	(371,378)	(340,248)
Cash payments to other funds	(10,696)	(37,605)
Net cash used in operating activities	<u>(749,540)</u>	<u>(914,808)</u>
Cash flows from non-capital financing activities		
Cash received from State sources	166,099	105,219
Cash received from Federal sources	705,997	1,007,451
Net cash provided by non-capital financing activities	<u>872,096</u>	<u>1,112,670</u>
Cash flows from investing activities		
Interest received	16,127	-
Facilities acquisitions equipment purchases	(14,257)	(4,823)
Net cash used in investing activities	<u>1,870</u>	<u>(4,823)</u>
Net increase in cash	124,426	193,039
Cash and cash equivalents balance, beginning of year	378,904	185,865
Cash and cash equivalents balance, end of year	<u>\$ 503,330</u>	<u>\$ 378,904</u>
Reconciliation of net operating loss to net cash used in operating activities		
Net operating loss	\$ (831,379)	\$ (940,846)
Adjustments to reconcile net operating loss to net cash used in operating activities:		
Depreciation	9,339	10,047
Donated commodities	74,305	74,099
Changes in assets and liabilities:		
(Increase) decrease in other receivables	1,869	(2,195)
(Increase) decrease in inventory	936	(21,403)
Increase in accounts payable	1,163	-
Increase (decrease) in accrued liabilities	4,914	(6,649)
Increase (decrease) in unearned revenue	9	10,209
Decrease in due to other funds	(10,696)	(37,605)
Decrease in other current liabilities	-	(465)
Net cash used in operating activities	<u>\$ (749,540)</u>	<u>\$ (914,808)</u>
Supplemental Schedule of Non-Cash Activities		
Activities not affecting cash flows are as follows:		
Surplus food	\$ 74,305	\$ 74,099
Total non-cash activity	<u>\$ 74,305</u>	<u>\$ 74,099</u>

TROY AREA SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AS OF JUNE 30, 2023

Total fund balances - governmental funds		\$ 9,560,314
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets consist of the following at year-end:</p>		
Cost of the assets	\$ 60,510,432	
Accumulated depreciation	<u>(21,213,410)</u>	39,297,022
<p>Property taxes receivable will be collected, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred inflows of resources in the funds.</p>		
		449,079
<p>Interest on long-term liabilities is not accrued in governmental funds, but rather is recognized as an expenditure when due.</p>		
		(227,182)
<p>Net deferred inflows and outflows of resources related to actuarial pension differences are reported on the statement of net position and amortized over the average members' years of service. In the government funds, pensions expense is based on required contributions.</p>		
		3,867,020
<p>Net deferred inflows and outflows of resources related to OPEB differences are reported on the statement of net position and amortized over the average members' years of service. In the government funds, OPEB expense is based on required benefits paid.</p>		
		(107,106)
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of the following:</p>		
Bonds payable	(21,233,188)	
Net pension liability	(31,343,000)	
Other post employment benefits	(5,765,023)	
Compensated absences	<u>(109,637)</u>	<u>(58,450,848)</u>
Total net position (deficit) - governmental activities		<u>\$ (5,611,701)</u>

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Liability and Inflow Transactions	Reclassification and Eliminations	Statement of Net Position
Assets					
Cash	\$ 10,048,192	\$ -	\$ -	\$ -	\$ 10,048,192
Taxes receivable	805,053	-	-	-	805,053
Intergovernmental receivable	1,860,747	-	-	-	1,860,747
Due from other funds	443,443	-	-	(443,443)	-
Other receivables	51,819	-	-	-	51,819
Prepaid expenses	160,504	-	-	-	160,504
Capital assets, net	-	39,297,022	-	-	39,297,022
Total assets	13,369,758	39,297,022	-	(443,443)	52,223,337
Deferred Outflows of Resources					
Deferred outflows related to pensions	-	4,742,020	-	-	4,742,020
Deferred outflows related to OPEB	-	2,088,835	-	-	2,088,835
Total assets and deferred outflows of resources	\$ 13,369,758	\$ 46,127,877	\$ -	\$ (443,443)	\$ 59,054,192
Liabilities, Deferred Inflows of Resources and Fund Equity/Net Position (Deficit)					
Liabilities					
Accounts payable	\$ 461,985	\$ -	\$ -	\$ -	\$ 461,985
Accrued liabilities	2,294,924	-	-	-	2,294,924
Accrued interest	-	-	227,182	-	227,182
Due to other funds	521,523	-	-	(443,443)	78,080
Unearned revenue	81,933	-	-	-	81,933
Bonds payable	-	-	21,233,188	-	21,233,188
Net pension liability	-	-	31,343,000	-	31,343,000
Compensated absences	-	-	109,637	-	109,637
Other post employment benefits	-	-	5,765,023	-	5,765,023
Total liabilities	3,360,365	-	58,678,030	(443,443)	61,594,952
Deferred Inflows of Resources					
Deferred inflows related to pensions	-	-	875,000	-	875,000
Deferred inflows related to OPEB	-	-	2,195,941	-	2,195,941
Deferred inflows - delinquent real estate taxes	449,079	-	(449,079)	-	-
Total deferred inflows of resources	449,079	-	2,621,862	-	3,070,941
Fund Equity & Net Position (Deficit)	9,560,314	46,127,877	(61,299,892)	-	(5,611,701)
Total liabilities, deferred inflows of resources and fund equity/net position (deficit)	\$ 13,369,758	\$ 46,127,877	\$ -	\$ (443,443)	\$ 59,054,192

TROY AREA SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS REVENUE, EXPENDITURES AND
CHANGES IN FUND EQUITY TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Total net change in fund balances - governmental funds \$ 1,868,055

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Activity for the current fiscal year ended was as follows:

Capital outlays	\$ 234,322	
Depreciation expense	<u>(1,015,461)</u>	(781,139)

Because some property taxes will not be collected for several months after the District's year end, they are not considered as "available" revenue in the governmental funds. In the statement of activities amounts are recognized as revenue as they are considered earned. Deferred inflows of resources changed by this amount during the year. 11,637

Repayment of bond principal and leases (including refund of debt) is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 1,840,000

District's proportionate share of actuarial calculated pension expense and net amortization of deferred amounts are recorded in the statement of activities, whereas in the governmental funds, pension expense is based on the District's contribution to pension plan. 1,196,579

District's proportionate share of OPEB expense and net amortization of deferred amounts are recorded in the statement of activities, whereas in the governmental funds, OPEB expense is based on the District's benefit payments to OPEB plans. (230,395)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. In addition, premiums/discounts on bonds are recorded as revenue/expenditures in the governmental funds, whereas in the statement of activities, premiums/discounts are amortized into interest expense. 130,656

In the statement of activities, certain operating expenses - compensated absences are measured by the amounts earned during the year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used. 5,112

Change in net position of governmental activities \$ 4,040,505

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Liability and Inflow Transactions	Reclassification and Eliminations	Statement of Activities Totals
Revenue					
Real property taxes	\$ 7,681,508	\$ 11,637	\$ -	\$ -	\$ 7,693,145
Other taxes levied	1,648,938	-	-	-	1,648,938
Interest and earnings	193,807	-	-	-	193,807
Other local sources	848,838	-	-	(812,596)	36,242
State sources	16,974,886	-	-	(6,462,782)	10,512,104
Federal sources	1,321,961	-	-	(1,321,961)	-
Total revenue	28,669,938	11,637	-	(8,597,339)	20,084,236
Expenditures					
Instruction	15,784,248	620,861	(719,242)	(4,829,538)	10,856,329
Instructional student support	2,027,236	58,498	(74,843)	(837,368)	1,173,523
Administrative and financial support services	1,865,748	78,355	(84,448)	(237,749)	1,621,906
Operation and maintenance of plant services	1,939,806	(56,653)	15,944	(111,029)	1,788,068
Pupil transportation	1,513,964	63,581	(67,680)	(1,320,091)	189,774
Central support	337,523	14,175	(19,358)	(104,473)	227,867
Student activities	711,089	2,322	(21,669)	(265,369)	426,373
Debt service	2,622,269	-	(1,970,656)	(891,722)	(240,109)
Total expenditures	26,801,883	781,139	(2,941,952)	(8,597,339)	16,043,731
Excess (deficiency) of revenue over expenditures	1,868,055	(769,502)	2,941,952	-	4,040,505
Other sources and uses					
Operating transfers in	436,109	-	-	(436,109)	-
Operating transfers out	(436,109)	-	-	436,109	-
Total other sources (uses)	-	-	-	-	-
Net change for year	\$ 1,868,055	\$ (769,502)	\$ 2,941,952	\$ -	\$ 4,040,505

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The *Troy Area School District* is governed by the Education Law and other general laws of the State of Pennsylvania. The governing body is the Board of Education. The scope of activities included within the accompanying financial statements are those transactions which comprise School District operations, and are governed by or significantly influenced by, the Board of Education. Essentially, the primary function of the School District is to provide education for pupils. Support services such as transportation of pupils, administration, finance and plant maintenance are also included. The financial reporting entity includes all funds, account groups, functions and organizations over which the School District officials exercise oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

B. Basis of Presentation

1. District-wide Statements

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize double counting of internal transactions. Governmental activities generally are financed through taxes, state subsidy, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants. Business-type activities include the District's food service operation which is financed through sales and reimbursements of breakfasts and lunches.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenue.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (continued)

2. Fund Financial Statements

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category (governmental, proprietary and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

a. Governmental Fund Types

Governmental funds are those funds used to account for and report the operations of the School District. The acquisition, use, and balances of financial resources and related assets and liabilities and deferred inflows and outflows are reported therein. The measurement focus is the determination of changes in financial position rather than net income determination. The following funds and aggregate governmental fund types are employed in accounting for and reporting School District operations. The District reports the following major governmental funds:

General Fund - The General Fund is the principal operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Funds - The Capital Projects Funds are used to account for and report financial resources to be used for the acquisition or construction or renovation of major capital facilities or equipment. These projects are approved by the Pennsylvania Department of Education and a portion of the costs will be reimbursed with state subsidy in future years.

Capital Reserve Funds - The Capital Reserve Funds are used to account for the proceeds of specific sources that are restricted to expenditures for capital purposes.

Special Revenue - is used to account for and report those revenues that are committed to expenditures for extraclassroom activity funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (continued)

2. Fund Financial Statements (continued)

b. Proprietary Fund Types

Proprietary Fund Types are used to account and report activities that are similar to business operations in the private sector where the focus is on determining net income and cash flows. Proprietary Fund Types include the following fund:

Food Service Fund - Accounts for all revenue and expenses pertaining to cafeteria operations.

c. Fiduciary Fund Types

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. These activities are not included in the District-wide financial statements because their resources do not belong to the District, and are not available to be used. The District has private purpose trust funds (scholarships) that qualify for reporting as a fiduciary.

C. Measurement Focus and Basis of Accounting

The district-wide and Fiduciary Fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within the current period or soon enough

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (continued)

thereafter to be used to pay liabilities of the current period, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under leases are reported as other financing sources.

D. Budgeting Policies - Governmental Fund Types

1. General

The School District's policy relating to budgetary information as shown in the accompanying financial statements is for the School District administration to culminate a proposed budget for approval by the Board of Education prior to commencement of a new fiscal year. Appropriations established by adoption of the budget constitute a limitation on expenditures which may be incurred.

2. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of moneys are recorded in order to reserve applicable appropriations, is employed as a control in preventing over expenditure of established appropriations. Open encumbrances are reported as a reservation of fund equity since such commitments will be honored through budget appropriations in the subsequent year. Encumbrances do not constitute expenditures or liabilities.

E. Local Taxes

Real property taxes are levied annually by the Board of Education and received by tax collectors by December 31. Uncollected real property taxes are subsequently enforced by Bradford County. An amount representing uncollected real property taxes transmitted to the County for re-levy is recorded as deferred inflows of resources in the governmental fund financial statements until collected by the County.

**TROY AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Local Taxes (continued)

Per capita, earned income and realty transfer taxes are levied annually by the Board of Education. Uncollected per capita and occupation taxes are subsequently enforced by GH Harris, while uncollected earned income taxes are enforced by Berkheimer, who are third-party tax collector agencies.

F. Inventory

Inventories of food in the Food Service Fund are recorded at cost on a first-in, first-out basis or in the case of surplus food, at stated value which approximates market.

G. Capital Assets

Capital assets are reported at actual cost for acquisitions subsequent to September 30, 2002. For assets acquired prior to September 30, 2002, estimated historical costs, based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair market value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the district-wide statements as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 1,500	Straight-line	20-50 years
Land improvements	\$ 1,500	Straight-line	20 years
Furniture and equipment	\$ 1,500	Straight-line	5-20 years
Transportation vehicles	\$ 1,500	Straight-line	8 years

H. Deferred Inflows and Outflows of Resources

In addition to assets, the Statement of Net Position 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 and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. The first represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Deferred Inflows and Outflows of Resources (continued)

The second is the District contributions to the pension system and benefits paid to OPEB plans subsequent to the measurement date. The third item relates to OPEB reporting in the district-wide Statement of Net Position. This represents the actuarial differences that are deferred and amortized.

In addition to liabilities, the statement of net position 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 that time. The District has three items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue – taxes. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension system not included in pension expense. The third item is related to OPEB reported in the district-wide Statement of Net Position. This represents the actuarial differences that are deferred and amortized.

I. Long-Term Debt

1. General Long-Term Indebtedness

Bonds and general obligation notes and capital leases are recognized when issued.

2. Compensated Absences

The District provides compensated absences benefits for all employees which ranges from \$15-\$50 per sick and personal day for all employees other than support staff and is paid only upon retirement as long as the employee has 10 years of service with the District. The maximum number of unused sick days that is paid for professional personnel is 50 days for personal time and 145 days for sick time. Support staff accrue \$0-\$35 a day for unused sick and personal time and is payable upon retirement or upon separation from service as described in the collective bargaining agreement. The maximum number of unused sick days that is paid for support staff is 50 days for personal time and 100 days for sick time. In the district-wide Statement of Net Position as of June 30, 2023, \$109,637 was accrued for compensated absences.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Long-Term Debt (continued)

3. Retirement Incentive Payable

The District has offered retirement incentives under several separate collective bargaining agreements which are more thoroughly discussed subsequently in these notes.

4. Vacation Payable

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave are accrued in the district-wide financial statements.

J. Pensions

Plan description

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS) and 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 investments are reported at fair value. The Public School Employees' Retirement System (PSERS) is a governmental cost-sharing multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.state.pa.gov.

Benefits provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Pensions (continued)

Benefits provided (continued)

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 to 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 by the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

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

Contributions

Member contributions:

Active members who joined the System prior to July 22, 1983, contribute at 5.25% (Membership Class T-C) or at 6.5% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25% (Membership Class T-C) or at 7.5% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System after June 30, 2001 and before July 1, 2011 contribute at 7.5% (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Pensions (continued)

Contributions (continued)

Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

School employees who first became an active member of PSERS on or after July 1, 2019 are automatically enrolled as a Class T-G member. Class T-G provides a hybrid retirement that has both a Defined Benefit (DB) and a Defined Contribution (DC) component for your retirement benefit. Once enrolled, employees have an election period to decide if they would like to remain Class T-G or elect another hybrid membership class with different contribution rates (Class T-H) or a defined contribution only membership class (Class DC).

Employer contributions:

The District's contractually required contribution rate for fiscal year ended June 30, 2023 was 35.26% (34.31% for pension, .75% for health care contributions, and .20% for Act 5 defined contribution) of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were approximately \$3,590,000 for the year ended June 30, 2023.

K. Other Postemployment Benefits

Plan Descriptions

The Troy Area School District has two separate other post-employment benefit plans that are provided to District employees and retirees which include a District Plan based on bargaining agreements and the Health Insurance Premium Assistance Program offered through the Pennsylvania Public School Employees' Retirement System.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Other Postemployment Benefits (continued)

District Plan

General Information

The District maintains a single-employer defined benefit healthcare plan (the District Plan). The District Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefit provisions are based on bargaining agreements as negotiated from time to time. The District Plan does not issue a publicly available financial report. Eligibility for the District Plan is established by the District and specified in the District's employment contracts. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan is determined on the basis of an actuarial valuation dated July 1, 2022.

Employees Covered by Benefit Terms

For the fiscal year ended June 30, 2023 the plan had total active employees of 181, vested former employee of 1, and retirees of 16.

Health Insurance Premium Assistance Program

General Information

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

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate.

Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out of pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2022 there were no assumed future benefit increases to participating eligible retirees.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Other Postemployment Benefits (continued)

Health Insurance Premium Assistance Program (continued)

Premium Assistance Eligibility Criteria

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

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

Pension Plan description

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

Benefits provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2022 there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions

The school districts' contractually required contribution rate for the fiscal year ended June 30, 2023 was 0.75% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were approximately \$76,000 for the year ended June 30, 2023.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Fund Equity

1. Governmental Funds

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be reported within one of the fund balance categories listed below:

A. Nonspendable

Fund balance associated with assets that are inherently nonspendable in the current period because of their form or because they must be maintained intact, including inventories, prepaids, long-term loans and notes receivable, and property held for relate (unless the proceeds are restricted, committed or assigned). The nonspendable fund balance as of June 30, 2023 totaled \$160,504.

B. Restricted

Fund balance amounts that can be spent only for specific purposes stipulated by constitutional, external resource providers including creditors, grantors, contributors, etc., or through enabling legislation. The District's restricted reserves are as follows:

1. Capital Projects Reserve

This reserve is used to accumulate funds to finance future costs to be used for the acquisition or construction or renovation of major capital facilities or equipment.

C. Committed

Fund balance amounts that can be used only for specific purposes determined by a formal action of the District's Board of Education, which is the District's highest level of decision-making authority. The District's committed reserves are as follows:

1. Board Designated Fund Balance

The District's Board of Education established and funded a reserve for future health insurance, retirement costs, and technology. Designation of unreserved fund equity in governmental funds indicates that utilization of these resources in the ensuing year's budget or tentative plans for future use. The general fund committed balance as of June 30, 2023 totaled \$-.

**TROY AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Fund Equity (continued)

1. Governmental Funds (continued)

C. Committed (Continued)

2. Extraclassroom Activities Fund Equity

This fund equity is designated as committed as it can be used only for extraclassroom activities purposes.

D. Assigned

Fund balance intended to be used by the District for specific purposes but does not meet the criteria to be restricted or committed. Along with the District's Board of Education, the Business Manager and Treasurer have been authorized to assign fund balance amounts for specific purposes through the establishment of an encumbrance.

1. Encumbrance Accounting

Encumbrance accounting, under which purchase orders, contracts, and other commitments of the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is used in the General Fund, Special Revenue Funds, and Capital Projects Fund. If resources have already been restricted or committed for encumbrances, the encumbered amounts will be included with restricted or committed resources. If resources have not already been restricted or committed, amounts encumbered are considered assigned for the purpose of the expected expenditure. Reserve for encumbrances as of June 30, 2023 totaled \$-.

2. Appropriated Fund Balance

General Fund - The amount of \$1,364,249 has been designated as the amount for the capital flooring project and roof replacement project.

3. Appropriated Subsequent Year's Budget

General Fund - The amount of \$99,013 had been designated as the amount estimated to be appropriated to reduce taxes for the year ending June 30, 2024.

E. Unassigned

The residual classification of the general fund and includes all spendable amounts not contained in the other classifications.

2. Government-wide Financial Statements

A. Net investment in Capital Assets

This designation of Net Position is used to accumulate the capital asset balance in the Statement of Net Position less accumulated depreciation and outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Fund Equity (continued)

2. Government-wide Financial Statements (continued)

B. Restricted

This category represents amounts that can be spent only for specific purposes stipulated by constitutional, external resource providers including creditors, grantors, contributors, etc., or through enabling legislation.

C. Unrestricted

This category represents Net Position of the District not restricted for any other purpose.

3. Order of Fund Balance Spending Policy

When more than one classification of fund balance of the District are eligible to be utilized for an expenditure of the District, the order in which the fund balance classifications will be utilized will be as follows:

- a. Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation;
- b. Committed fund balance for which action has been taken by the Board of Education, a designated school official, or by the voters of the District, specifically designating funds to the expenditure;
- c. Assigned fund balance created specifically for the expenditure (encumbered fund balance);
- d. Assigned fund balance within funds other than the General Fund of the District to which the expenditure relates;
- e. Unassigned fund balance.

M. Interfund Activity

The amounts reported on the Statement of Net Position for due to and from other funds represents amounts due between different fund types (governmental activities, business-type activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year-end is provided subsequently in these notes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Interfund Activity (continued)

During the course of operations, the *Troy Area School District* has numerous transactions between funds, including expenditures and transfers of revenue to provide services and construct assets. Eliminations have been also made for amounts transferred to and from the same fund type.

N. Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenue and expenditures/expenses.

O. Cash and Cash Equivalents

For financial statement purposes, all highly liquid investments with original maturities of three months or less are considered as cash equivalents. This includes certificates of deposit, treasury notes and treasury bills.

P. Investments

Investments are carried at market value.

Q. Reclassifications

Certain prior year amounts have been reclassified to conform with the current year presentation.

R. New Accounting Pronouncement

Effective July 1, 2022, the District implemented the provisions of GASB Statement 96, *Subscription Based Information Technology Arrangements* which establishes that a subscription based information technology arrangement results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability. The implementation of this new standard did not have a material impact on the District.

NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

A. Total Fund Equity of Governmental Funds vs. Net Position of Governmental Activities

Total fund equity of the District's governmental funds differs from "Net Position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

B. Statement of Revenues, Expenditures and Changes in Fund Equity vs. Statement of Activities

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Equity and the Statement of Activities fall into one of five broad categories, which are summarized below.

1. Long-term Revenue Differences

Long-term revenue differences arise because governmental funds report revenue only when they are considered "measurable" and "available", whereas the Statement of Activities reports revenue when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

2. Capital Related Differences

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.

**TROY AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES
BETWEEN GOVERNMENTAL FUND STATEMENTS
AND DISTRICT-WIDE STATEMENTS (CONTINUED)**

**B. Statement of Revenues, Expenditures and
Changes in Fund Equity vs. Statement of
Activities (continued)**

3. Long-term Debt Transaction Differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

4. Pension Differences

Pension differences occur as a result of changes in the District's proportion of collective net pension asset/liability and differences between the District's contributions and its proportionate share of the total contributions to the pension system.

5. OPEB Differences

OPEB differences occur as a result of changes in the District's total OPEB liability and differences between the District's contributions and OPEB expense.

NOTE 3 - CASH

A. Deposits

The School District invests excess funds with banks or trust companies authorized to do business in Pennsylvania. During the year ended June 30, 2023, the School District's investments included interest bearing checking accounts (including money market type investments), certificates of deposit and U.S. Government notes and bills. These consist of permissible investments in obligations of the U.S. Treasury and U.S. Agencies or certificates of deposit, which are fully insured or collateralized as provided by Pennsylvania law. All funds were held by commercial banks and trust companies as authorized by the Board of Education.

The District's cash and investments are required to be secured (for funds in excess of the FDIC insurance limitation of \$250,000) by a pledge of governmental securities having a market value at least equal to the amount on deposit. The banks use the pooling method to pledge securities for all public funds that are on deposit. This method allows the depository to pledge securities in one lump sum that covers all public funds on deposit at the bank.

Custodial credit risk is the risk that in the event of a bank failure the District's deposits may not be returned to it. While the District does not have a specific policy with regards to custodial credit risk, State statutes govern the District's investment policies. At June 30, 2023, the District's bank deposits were fully collateralized.

NOTE 3 - CASH (CONTINUED)

Total financial institution balances at June 30, 2023, per the bank, were approximately \$10,831,000 of which \$500,000 was secured by FDIC insurance and \$10,331,000 was secured by the banks as required by Act 72 of 1971.

NOTE 4 - CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2023 were as follows:

	Beginning Balance 06/30/22	Net Change	Ending Balance 06/30/23
Governmental activities:			
Capital assets:			
Land and land improvements	\$ 6,736,511	\$ 0	\$ 6,736,511
Buildings and improvements	48,822,777	111,606	48,934,383
Construction-in-progress	23,725	0	23,725
Furniture, equipment and vehicles	4,693,097	122,716	4,815,813
Total historical cost	<u>60,276,110</u>	<u>\$ 234,322</u>	<u>60,510,432</u>
Accumulated depreciation:			
Land and land improvements	3,654,140	\$ 92,218	3,746,358
Building improvements	13,126,744	717,662	13,844,406
Furniture, equipment and vehicles	3,417,065	205,581	3,622,646
Less accumulated depreciation:	<u>20,197,949</u>	<u>\$ 1,015,461</u>	<u>21,213,410</u>
Total net book value	<u>\$40,078,161</u>		<u>\$39,297,022</u>
Proprietary/business-type activities:			
Building improvements, furniture and equipment	\$ 355,656	<u>\$ 14,257</u>	\$ 369,913
Less accumulated depreciation:	<u>304,377</u>	<u>\$ 9,339</u>	<u>313,716</u>
Total net book value	<u>\$ 51,279</u>		<u>\$ 56,197</u>
	<u>Governmental</u>	<u>Proprietary/ Business-type</u>	
Depreciation expense:			
Instruction	\$ 662,885	\$ -	
Support services	322,713	-	
Non-instructional services	29,863	9,339	
	<u>\$ 1,015,461</u>	<u>\$ 9,339</u>	

**TROY AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 5 - INDEBTEDNESS

A. Short-Term Debt

1. Tax and Revenue Anticipation Notes

The District did not issue any tax or revenue anticipation notes during the current fiscal year.

2. Short-Term Debt Interest

The District had no short-term interest during the fiscal year ended June 30, 2023.

B. Long-Term Debt

1. Bonds Payable

The following is a description of the terms of the long-term bonds issued, and reported here under the terms of the financing agreement, in connection with the construction of the school building projects:

	<u>Amount Outstanding</u>
2015 Series refunding with maturity date of 3/1/2030, bonds carry interest from 0.40%-5.00%.	\$ 12,185,000
Plus: unamortized premium	424,419
Less: debt defeasance	<u>(90,419)</u>
	<u>12,519,000</u>
2019 Series refunding with maturity date of 9/15/32, bonds carry interest from 2.375%-3.00%.	8,785,000
Less: unamortized discount	<u>(70,812)</u>
	<u>8,714,188</u>
Totals	<u>\$ 21,233,188</u>

NOTE 5 - INDEBTEDNESS (CONTINUED)

B. Long-Term Debt (continued)

2. Summary of Long-Term Debt

The following is a summary of long-term liabilities outstanding at June 30, 2023:

<u>Description</u>	<u>Balance June 30, 2023</u>	<u>Amounts Due Within One Year</u>	<u>Balance June 30, 2022</u>
2015 Series Bonds	\$ 12,519,000	\$ 1,770,000	\$ 14,339,038
2019 Series Bonds	8,714,188	145,000	8,840,290
Net Pension Liability	31,343,000	-	28,945,000
Compensated Absences	109,637	-	114,749
Other Post-Employment Benefits	5,765,023	-	7,118,578
	<u>\$ 58,450,848</u>	<u>\$ 1,915,000</u>	<u>\$ 59,357,655</u>

3. Changes

The District made principal payments on its series bonds in the amount of \$1,840,000. The total change in the unamortized premiums/discounts was a decrease of \$106,140. The net change in compensated absences was a decrease of \$5,112 during the fiscal year ended June 30, 2023. During the current year, other post-employment benefits liability decreased in the amount of \$1,353,555 related to actuarial updates. Lastly, the District's proportionate share of the PSERS net pension liability increased by \$2,398,000 during the current year as a result of an actuarial update.

4. Long-Term Debt Interest

Interest expense for the year ended June 30, 2023 amounted to approximately \$782,269 which related to the serial bonds and is recorded in the General Fund.

NOTE 5 - INDEBTEDNESS (CONTINUED)

B. Long-Term Debt (continued)

5. Maturity

A five-year summary of principal and interest payments on the District's series bonds is as follows:

		Series Bonds – Series 2015	
<u>June 30,</u>		<u>Principal</u>	<u>Interest</u>
2024	\$	1,770,000	\$ 479,431
2025		1,855,000	390,931
2026		1,955,000	298,181
2027		2,030,000	219,981
2028		2,165,000	138,781
2029-2030		2,410,000	112,113
	\$	<u>12,185,000</u>	<u>\$ 1,639,418</u>

		Series Bonds – Series 2019	
<u>June 30,</u>		<u>Principal</u>	<u>Interest</u>
2024	\$	145,000	\$ 230,438
2025		150,000	226,013
2026		215,000	220,538
2027		220,000	214,013
2028		185,000	207,938
2029-2033		7,870,000	595,731
	\$	<u>8,785,000</u>	<u>\$ 1,694,671</u>

6. Debt Issuance Costs, Bond Premiums, Discounts, and Amortization

Debt issuance costs resulting from bond and other debt refinancing are expensed in the year they were incurred.

Bond premiums earned and bond discounts resulting from bond and other debt refinancing are being amortized over the life of the related debt using the interest method. These premiums and discounts are deferred and added to or subtracted from the outstanding principal balances for the bonds.

7. Refunding of Long-Term Debt

In prior year, the District defeased certain serial bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for future debt service payments of old bonds. Accordingly, the trust accounts assets and liabilities of the defeased bonds are not included on the District's financial statements.

NOTE 6 - CONTINGENCIES AND COMMITMENTS

A. Federal and State Grants

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

B. Litigation

The School District, in the normal course of its operations, is involved in various litigation and arbitration cases. Management is of the opinion that any unfavorable outcome resulting from these actions would not have a material effect on the School District's financial position.

C. Self-Insurance

The District is a participant in a multiple employer cost-sharing trust established for the purpose of self-insuring hospitalization expenses. The trust makes monthly premium payments to its program administrator who pays claims submitted. Monthly premiums are based on claims paid experience provided by the administrator, plus a premium stabilization amount. Annually, the administrator reconciles claims paid against premiums received.

D. Risk Financing and Related Insurance

1. General Information

The *Troy Area School District* is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

2. Risk Sharing Pools

For its employee health and accident coverage, *Troy Area School District* is a participant in a Northern Tier Insurance Consortium, a public entity risk pool operated for the benefit of individual governmental units located within the BLaST Intermediate Unit 17. The School District pays monthly premiums to the Plan for this health coverage.

The Plan provides health coverage for its members and all claims are paid from the total premiums contributed by the members of the consortium. Excess claims over premiums are funded from a stabilization fund held by the Northern Tier Insurance Consortium operated out of the Blast IU 17 office, while premiums in excess of the claims are refunded to the Insurance Trust.

For its workers compensation insurance, *Troy Area School District* is a participant in the Pennsylvania Insurance Consortium for Schools, a public entity risk pool operated for the benefit of school districts located throughout the State of Pennsylvania.

TROY AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 7 - INTERFUND TRANSACTIONS

Interfund receivable and payable balances as of June 30, 2023 and interfund revenue and expenditures for the year ended June 30, 2023 were:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 7,750	\$ 517,832
Capital Reserve Fund	435,359	-
Food Service Fund	82,138	4,058
Special Revenue Fund	334	3,691
	<u>\$ 525,581</u>	<u>\$ 525,581</u>

During the year ended June 30, 2023, the District had interfund transfers from the general fund to the capital reserve fund in the amount of \$436,109 of which \$36,109 was related to gas lease proceeds received for capital purposes and \$400,000 was for future capital improvements.

NOTE 8 - RETIREMENT PLAN

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

At June 30, 2023, the District reported a liability of \$31,343,000 for its proportionate share of the net pension liability. The net pension liability as of the 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 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, 2023, the District's proportion was .0705%, which was unchanged from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the District recognized pension expense of approximately \$2,400,000. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings	\$ -	\$ 532,000
Changes of assumptions	936,000	-
Difference between expected and actual experience	14,000	271,000
Changes in proportions	-	72,000
Contributions subsequent to the measurement date	3,792,020	-
	<u>\$ 4,742,020</u>	<u>\$ 875,000</u>

NOTE 8 - RETIREMENT PLAN (CONTINUED)

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

\$3,792,020 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the System's net pension liability in the year ending June 30, 2024. 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:	
2024	\$ 62,000
2025	88,000
2026	(817,000)
2027	742,000
	<u>\$ 75,000</u>

Actuarial Assumptions

The total pension liability as of the June 30, 2022 was determined by rolling forward the System's total pension liability as of June 30, 2021 actuarial valuation 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%, includes inflation at 2.5%.
- Salary increases – Effective average of 4.5%, comprised of inflation of 2.5% and 2% for real wage growth and for merit of 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.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
- Salary growth rate decreased from 5% to 4.5%
- Real wage growth and merit or seniority increases (components for salary growth) decreased from 2.75% and 2.25% to 2.5% and 2.0%, 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 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.

NOTE 8 - RETIREMENT PLAN (CONTINUED)

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

Actuarial Assumptions

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.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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	6.0%	3.5%
Infrastructure/MLPs	9.0%	5.4%
Real estate	11.0%	4.6%
Cash	3.0%	0.5%
Financing (LIBOR)	(11.0)%	0.5%
	<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%. 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.

The following presents the net pension liability, calculated using the discount rate of 7%, 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%) or 1-percentage point higher (8%) than the current rate:

NOTE 8 - RETIREMENT PLAN (CONTINUED)

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

Discount Rate (continued)

	1% Decrease 6%	Current Discount Rate 7%	1% Increase 8%
District's proportionate share of the net pension liability	\$40,541,000	\$31,343,000	\$23,589,000

System Net Pension Liability

The components of the total PSERS net pension liability as of June 30, 2022 are as follows:

	(Dollar Amounts in Thousands)
Total pension liability	\$ 114,986,964
Less: System fiduciary net position	70,528,242
System net pension liability	<u>\$ 44,458,722</u>

System fiduciary net position as a percentage of total pension liability 61.34%

Pension Plan Fiduciary Net Position

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

District Plan

OPEB Liabilities, 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 \$4,465,023. The net OPEB liability was measured as of July 1, 2022 and was determined by an actuarial valuation as of July 1, 2022.

For the year ended June 30, 2023, the District recognized OPEB expense of \$485,750. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**TROY AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS

District Plan

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ 1,187,585	\$ -
Changes of assumptions	425,394	1,207,620
Difference between expected and actual experience	-	652,321
Contributions subsequent to the measurement date	206,956	-
	<u>\$ 1,819,935</u>	<u>\$ 1,859,941</u>

\$206,956 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 in the year ending June 30, 2024. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:

2024	\$ (26,670)
2025	(26,670)
2026	(26,670)
2027	(26,670)
2028	(26,670)
Thereafter	(113,612)
Net deferred inflow/outflow	<u>\$ (246,962)</u>

Actuarial Assumptions

The total OPEB liability as of June 30, 2023, was determined by rolling forward the System's total OPEB liability as of the June 30, 2022 actuarial valuation 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 – 4.06% - Based on S&P Municipal Bond 20 Year High Grade Index.
- Salary growth – composed of a 2.5% cost of living adjustment, 1% real wage growth and for teachers and administrators a merit increase which varies by age from 0%-2.75%.
- Assumed Healthcare cost trends of 6.0% in 2023 and 5.5% in 2024 through 2025, with a gradual Medical Cost Trend Model decrease from 5.4% in 2026 to 3.9% in 2075.

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS

District Plan

Actuarial Assumptions

- Mortality rates were similar rates assumed in the PSERS defined benefit pension plan actuarial valuation, projected generationally by the Buck Modified 2016 projection scale to reflect mortality improvement.

Changes in the Total OPEB Liability

Service cost	\$ 382,526
Interest	129,894
Difference between expected and actual experience	(150,254)
Changes in assumptions	(1,100,063)
Benefit payments	(243,658)
Net changes	(981,555)
Net OPEB liability – beginning of year	5,446,578
Net OPEB liability – end of year	<u>\$ 4,465,023</u>

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated 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	Current Assumption	1% Increase
Total District Plan OPEB liability	\$4,094,620	\$4,465,023	\$4,843,209

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease 3.06%	Current Assumption 4.06%	1% Increase 5.06%
Total District Plan OPEB liability	\$4,791,598	\$4,465,023	\$4,154,728

**TROY AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS (CONTINUED)

Health Insurance Premium Assistance Program

OPEB Liabilities, 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 \$1,300,000 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, 2023, the District's proportion was .0706% percent, which was an increase of .0001% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the District recognized OPEB expense of \$38,000. 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	\$ 12,000	\$ 7,000
Net difference between projected and actual earnings	4,000	-
Changes in proportion	26,000	22,000
Changes in assumptions	144,000	307,000
Contributions subsequent to the measurement date	82,900	-
	<u>\$ 268,900</u>	<u>\$ 336,000</u>

\$82,900 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 in year ending June 30, 2024. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending:	
2024	\$ (41,000)
2025	(14,000)
2026	(22,000)
2027	(34,000)
2028	(39,000)
Thereafter	-
Net deferred inflow/outflow	<u>\$ (150,000)</u>

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS (CONTINUED)

Health Insurance Premium Assistance Program

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 – 4.09% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 4.5%, comprised of inflation of 2.5% and 2% 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:
 - Eligible retirees will elect to participate Pre age 65 at 50%
 - Eligible retirees will elect to participate Post age 65 at 70%

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2021 determined the employer contribution rate for fiscal year 2022.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Mortality Improvement Scale.

**TROY AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS (CONTINUED)

Health Insurance Premium Assistance Program (continued)

Actuarial Assumptions (continued)

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

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

OPEB - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	100%	0.5%
	100%	

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.

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS (CONTINUED)

Health Insurance Premium Assistance Program (continued)

Sensitivity of the Total 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. As of June 30, 2022, 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 total OPEB liability for June 30, 2022, calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if the health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Current Assumption	1% Increase
Total Health Insurance Premium Assistance OPEB liability	\$1,299,000	\$1,300,000	\$1,300,000

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease 3.09%	Current Assumption 4.09%	1% Increase 5.09%
Total Health Insurance Premium Assistance OPEB liability	\$1,470,000	\$1,300,000	\$1,157,000

**TROY AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS (CONTINUED)

Health Insurance Premium Assistance Program (continued)

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

System Net OPEB Liability

The components of the total net OPEB liability as of June 30, 2022 are as follows:

	(Dollar Amounts in Thousands)
Total OPEB liability	\$ 1,976,247
Less: System fiduciary net position	135,476
System net OPEB liability	<u>\$ 1,840,771</u>

System fiduciary net position as a percentage of total OPEB liability 6.86%

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.

NOTE 10 - RECEIVABLES

Taxes Receivable

Taxes receivable amounted to \$869,348 at June 30, 2023 and consist of the estimated delinquent real property taxes, delinquent per capita taxes, delinquent occupation taxes and delinquent earned income taxes levied by the District but uncollected during the last three years. The taxes are ultimately collectible either by payment from the property owner or from the proceeds of a public sale of the levied property. The District recorded a \$64,295 reserve for potential uncollectible delinquent real estate taxes on the governmental and district-wide financial statements.

Intergovernmental Receivable

Included in the intergovernmental receivable balance of \$1,860,747 in the General Fund and \$- in the Food Service Fund as of June 30, 2023 are amounts due from grant receivables from the Federal and State governments, the Commonwealth of Pennsylvania Department of Education for reimbursement of social security, retirement and other state subsidy, tuition receivable from various local school districts and amounts due from the BLAST Intermediate Unit 17.

NOTE 11 – UNEARNED REVENUE

Unearned revenue is reported on the District's combined balance sheet. Unearned revenue arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized. Unearned revenue is also related to donated commodities received by the District which is included as inventory at year-end and is recorded in the business-type funds.

As of June 30, 2023, the District had \$81,933 relating to grants received that were unexpended in the general fund and \$40,581 in the business-type funds of which \$11,248 related to donated commodity inventory and \$29,333 was related to prepayments on meals.

NOTE 12 – DEFERRED INFLOWS OF RESOURCES

In addition to liabilities, the Balance Sheet will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, deferred inflow of resources, represents an acquisition of revenue by the District that is applicable to a future reporting period. The District has one item that qualifies for reporting in this category, Delinquent Real Estate Taxes. Although this revenue source is measured and earned at year-end, it is not available to pay current expenditures and therefore is classified as deferred inflow of resources.

Deferred inflows of resources in the General Fund amounted to \$449,079 as of June 30, 2023, pertains to taxes receivable at the end of the fiscal year less amounts collected within sixty days subsequent to the year-end.

NOTE 13 - COMPENSATED ABSENCES

The District does not accrue a liability in the governmental funds for accumulating, non-vesting sick leave, since payment is based on an uncontrollable future event (sickness). In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, the value of accumulating, non-vesting sick leave is considered a contingent liability. The District reports approximately \$280,000 at June 30, 2023 for accumulating, non-vesting sick leave.

In the district-wide statements, as of June 30, 2023, \$109,637 was accrued for accumulating, vesting sick leave and longevity payments.

**TROY AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 14 - RETIREMENT INCENTIVES

The Board of Education approved certain contracts to permit employees who retire from the District before reaching the age of 65, and who are receiving retirement payments from the Public School Employees' Retirement System to continue to participate in the District's medical and dental group plan from the time of retirement until they reach the age of 65. Upon retirement employees covered within the Troy Area Education Association collective bargaining unit who choose to continue medical and dental insurance coverage through the district are eligible for a monetary credit in the amount equal the one and one-half of the retiring professional's highest year's salary that has been earned by the employee while on the Troy Area School District Professional Salary scale. The monetary credit shall be used to purchase health insurance for the employee only. Retired employees may purchase health insurance for an eligible spouse or dependent at the current premium rates. When the monetary credit is exhausted, the insured employee will be required to pay the then current premiums or to drop coverage. Retired employees within the Troy Area Educational Support Personnel Association are not eligible for a monetary credit but can purchase medical and dental insurance coverage at the current premiums. A retiree's cost of group insurance is calculated by the plan administrator and is based on projected expenditure for the year plus a 2% administrative fee. Continued participation in the group plan under this policy is contingent upon full payment of premiums due prior to the 25th day of each month for the next month's coverage. Currently there are 20 participants receiving benefits. These expenses are included in the GASB 75 calculation.

NOTE 15 – CAPITAL RESERVE

The District has established a Capital Reserve Fund which is available to fund various capital projects, including the purchase, replacement and maintenance of capital assets of the District. The reserve has been funding through transfers from the General Fund which are approved by the Board of Education.

The following schedule details the activity in the capital reserve during the fiscal years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Balance Fund Equity at July 1,	\$1,415,479	\$1,347,277
Transfer from General Fund	436,109	44,883
Interest earned	5,158	1,755
Other income	-	40,000
Track and field	-	(4,909)
Commons building	-	(13,527)
Ending Total Fund Equity as of June 30,	<u>\$1,856,746</u>	<u>\$1,415,479</u>

NOTE 16 - RELATED PARTY

The School District is one of various school districts of the Northern Tier Career Center A/K/A Bradford County Area Vocational-Technical School Authority (the Center). The Center is controlled and governed by a Board which is composed of school board members of the member school districts. Direct oversight of The Center's operation is the responsibility of the Board. The School District's share of annual operating and capital costs for The Center fluctuates based on a percentage enrollment in the school. BLaST Intermediate Unit 17 provides several services to the School District. These services include special education, hospitalization, a local area network, staff development and enrichment services.

During the fiscal year ended June 30, 2011, the Center issued long-term debt to finance a building-improvement project. The bond was refinanced during the year ended June 30, 2020. **Troy Area School District**, along with the component school districts, are committed to pay its allocated portion of the future long-term debt. During the fiscal year ended June 30, 2023, the District incurred principal and interest costs in the amount of \$99,358 and \$8,582 respectively, related to its share of long-term debt issued by the Center for the building improvements project.

Below is a schedule of District's future payments towards the capital project.

<u>June 30,</u>		<u>Principal</u>		<u>Interest</u>
2024	\$	102,378	\$	5,803
2025		<u>105,096</u>		<u>2,940</u>
	\$	<u>207,474</u>	\$	<u>8,743</u>

The District will receive rental subsidy from the Pennsylvania Department of Education based on payments of principal and interest related to the Center building project. The District recognized rental subsidy revenue during the current fiscal year in the amount of \$54,524 for current year payments made on the project.

NOTE 17 – TAX ABATEMENTS

The District receives a Payment-in-Lieu of Taxes (PILOT) annually from the Pennsylvania Game Commission (GC) for State Game Lands and from the Pennsylvania Department of Conservation and Natural Resources (DCNR) for State Lands located within the District. During the year ended June 30, 2023, the District received \$8,326 (PG of \$3,682 and DCNR of \$4,644) related to this PILOTs.

**TROY AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 18 – FUND EQUITY

Classification

The District's fund equity is comprised of various components.

Category / Fund	Description	Balance June 30, 2023
Restricted:		
Capital Projects	Capital Reserve	<u>\$ 1,856,746</u>
Committed:		
General	Technology	\$ 1,019,941
	Retirement	1,019,892
	Health Insurance	872,302
	Personnel Costs	400,000
		<u>\$ 3,312,135</u>
Special Revenue	Extraclassroom fund balance	<u>\$ 126,395</u>
General	Appropriated – Flooring and roof replacement	\$ 1,364,249
	Appropriated - Subsequent year's budget	99,013
		<u>\$ 1,463,262</u>

NOTE 19 – COVID 19 PANDEMIC (CONTINUED)

In March 2021, the American Rescue Plan (ARP) was passed which provides additional assistance to school districts. The Pennsylvania Department of Education has allocated approximately \$3,017,000 of ARP (ESSER 3) assistance to the District. The District expended \$668,771, \$460,732 and \$0 during the years ended June 30, 2023, 2022 and 2021, respectively.

The District also provided free breakfast and lunches to all students (except those who opted out) through the Seamless Summer Option which ended as of June 30, 2022.

NOTE 20 – SUBSEQUENT EVENTS

Subsequent events were evaluated through December 5, 2023, which is the date the financial statements were available to be issued.

NOTE 19 – COVID 19 PANDEMIC

In March 2020, the World Health Organization declared the novel strain of COVID-19 (coronavirus) a global pandemic and has become increasingly widespread in the United States. The coronavirus outbreak has had a significant impact on financial markets and general economic conditions.

Also, in March 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was passed which provides funding and emergency assistance to Organizations including public school Districts. The Pennsylvania Department of Education has allocated approximately \$282,000 of CARES Act (ESSER1 and GEER) assistance to the District which is for the funding period of March 13, 2020 through September 30, 2022. Also the Pennsylvania Commission on Crime and Delinquency has allocated approximately \$175,000 of CARES Act (PCCD) assistance to the District which is for the funding period of March 13, 2020 through October 30, 2020. As of June 30, 2021 the District had expended the all of the ESSER1 and PCCD funding.

In December 2020, the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) was passed which provides additional assistance to school districts. The Pennsylvania Department of Education has allocated approximately \$1,351,000 of CRRSA (ESSER 2) assistance to the District. The District expended \$162,381, \$853,800 and \$280,016 during the years ended June 30, 2023, 2022 and 2021, respectively of CRRSA funding.

SUPPLEMENTARY INFORMATION

TROY AREA SCHOOL DISTRICT
COMPARATIVE STATEMENTS OF
REVENUE AND EXPENDITURES - GENERAL FUND

<i>Fiscal years ended June 30,</i>	2023	2022
Revenue		
Local sources:		
Taxes:		
Current real estate taxes	\$ 7,377,723	\$ 7,264,734
Per capita	52,564	51,562
Realty transfer, occupation and earned income	1,587,774	1,342,258
Public utility realty tax	8,600	8,628
Payment in lieu of taxes	8,326	13,813
Delinquent real estate taxes	295,459	335,524
Total tax revenue	9,330,446	9,016,519
Interest earnings	188,649	19,564
Federal revenue received from intermediate and local sources	467,970	371,997
Rentals	35,359	37,757
Community service activities	79,025	95,522
Receipts from other LEAs in Pennsylvania	22,755	66,433
Miscellaneous	77,462	106,396
Total local sources	10,201,666	9,714,188
State sources:		
Basic instructional subsidy - formula and social security	10,536,427	9,993,933
Tuition	15,364	14,630
Rental	786,106	784,561
Transportation	1,104,705	1,073,905
Special education	1,291,393	1,226,114
Retirement	2,293,441	2,212,954
Vocational education	65,812	91,937
Health services	24,829	15,739
PCCD grant	115,207	35,000
Property tax relief subsidy	430,866	341,726
Ready to learn block grant	310,736	310,736
Total state sources	16,974,886	16,101,235
Federal sources:		
Title I	405,390	378,730
COVID-19 - ESSER, GEER and Health and Safety	759,411	1,314,748
COVID-19 - IDEA	-	4,006
Title II	55,161	53,038
Title IV	33,762	23,764
Medical assistance reimbursement	68,237	98,487
Total federal sources	1,321,961	1,872,773
Total revenue and other sources	\$ 28,498,513	\$ 27,688,196

Fiscal years ended June 30,	2023	2022
Expenditures		
Instruction:		
Regular programs	\$ 10,987,503	\$ 10,868,812
Special programs	4,048,053	4,591,398
Vocational education programs	726,810	708,129
Other instructional programs	21,882	115,802
Total instruction	<u>15,784,248</u>	<u>16,284,141</u>
Support services:		
Pupil personnel	993,524	900,301
Instructional staff	<u>780,056</u>	<u>1,221,042</u>
Administration:		
Board services	42,131	39,695
Board treasurer	109	250
Tax collections	53,051	56,084
Staff relations	19,560	-
Legal	87,746	49,696
Superintendent	306,895	316,406
Principals	<u>977,156</u>	<u>951,380</u>
Total administration	<u>1,486,648</u>	<u>1,413,511</u>
Other support services		
Pupil health	253,656	237,896
Business	379,100	393,668
Operation and maintenance of plant services	1,939,806	2,045,948
Student transportation services	1,513,964	1,663,968
Central support services	<u>337,523</u>	<u>293,348</u>
Total other support services	<u>4,424,049</u>	<u>4,634,828</u>
Total support services	<u>7,684,277</u>	<u>8,169,682</u>
Noninstructional services:		
Student activities	557,904	578,683
Total noninstructional services	<u>557,904</u>	<u>578,683</u>
Other financing uses:		
Debt service	2,622,269	2,727,551
Interfund transfer to capital reserve	436,109	44,883
Total other financing uses	<u>3,058,378</u>	<u>2,772,434</u>
Total expenditures and other financing uses	<u>27,084,807</u>	<u>27,804,940</u>
Excess (deficiency) of revenue and other sources over expenditures and other financing uses	<u>\$ 1,413,706</u>	<u>\$ (116,744)</u>

TROY AREA SCHOOL DISTRICT
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS – ACTIVITY FUND
JULY 1, 2022 THROUGH JUNE 30, 2023

Jr/Sr High School	Balances July 01, 2022	Total Receipts 2022-23	Total Receipts & Balances	Total Payments 2022-23	Balances June 30, 2023
Class of 2022	\$ 8,791	\$ 250	\$ 9,041	\$ 9,041	\$ -
Class of 2023	6,452	39,224	45,676	39,689	5,987
Class of 2024	2,540	5,411	7,951	1,791	6,160
Class of 2025	2,768	1,172	3,940	741	3,199
Class of 2026	4,661	1,202	5,863	3,769	2,094
Class of 2027	1,844	13,958	15,802	5,759	10,043
Class of 2028	-	3,656	3,656	2,093	1,563
Class of 2029	-	62	62	-	62
NHS	2,014	89	2,103	400	1,703
NJHS	623	25	648	-	648
Student Faculty Senate	7,360	9,978	17,338	8,825	8,513
Jr. Student Faculty Senate	2,306	10,817	13,123	9,164	3,959
Yearbook	6,775	8,473	15,248	5,867	9,381
Jr. High Special Learning	2,373	4,113	6,486	1,547	4,939
Choral	6,560	280	6,840	3,000	3,840
Band	1,315	2,310	3,625	1,079	2,546
Track	963	39	1,002	-	1,002
Leo	1,785	333	2,118	259	1,859
Ski	180	-	180	-	180
Fall Cheerleading	2,705	57	2,762	-	2,762
Comp Cheer	-	-	-	1,309	(1,309)
Jr. Basketball	97	4	101	-	101
Volleyball	115	5	120	-	120
Jr. Volleyball	301	12	313	-	313
Lettermen	4,467	182	4,649	-	4,649
Cross Country	1,687	4,622	6,309	3,306	3,003
Jr. Cross Country	722	2,367	3,089	1,712	1,377
Wrestling	2,025	42	2,067	996	1,071
Jr. Wrestling	1,144	47	1,191	-	1,191
Jr. Football	825	34	859	-	859
Softball	842	34	876	-	876
Baseball	97	4	101	-	101
Graduation	801	33	834	-	834
School Play	15,639	19,965	35,604	10,523	25,081
Interact	235	10	245	-	245
FBLA	2,384	97	2,481	-	2,481
FFA	14,116	33,082	47,198	32,085	15,113
Scholarship Challenge	1,134	46	1,180	-	1,180
Spanish	756	31	787	-	787
General	589	24	613	20	593
Fit Club	922	37	959	-	959
Speech & Debate	1,919	78	1,997	-	1,997
Literary Magazine	47	2	49	-	49
Envioronmental Club	100	4	104	-	104
History Club	-	4,056	4,056	3,578	478
Total Jr./Sr High funds	\$ 112,979	\$ 166,267	\$ 279,246	\$ 146,553	\$ 132,693

Beginning and ending balance represent cash on-hand. As of June 30, 2023 the extraclassroom activity fund had an amount due from the general fund in the amount of \$334, due to general fund of \$3,691 and accounts payable of \$2,941.

TROY AREA SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S NET
OPEB LIABILITY AND RELATED RATIOS – DISTRICT PLAN
FOR THE YEARS ENDED JUNE 30, 2018 AND JUNE 30, 2023

District Plan - Other Post Employment Benefits

As of the measurement date of July 1,	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Service cost	\$ 382,526	\$ 390,358	\$ 185,038	\$ 187,103	\$ 243,436	\$ 245,623
Interest	129,894	104,467	109,042	97,268	126,078	99,056
Differences between expected and actual experience	(150,254)	-	1,543,862	-	(836,203)	-
Changes in assumptions	(1,100,063)	(159,361)	553,014	(89,478)	(3,411)	(633)
Benefit payments	(243,658)	(250,957)	(194,529)	(231,643)	(244,615)	(347,935)
Net change in total OPEB liability	(981,555)	84,507	2,196,427	(36,750)	(714,715)	(3,889)
Total OPEB liability - beginning	5,446,578	5,362,071	3,165,644	3,202,394	3,917,109	125,892
Prior period adjustment	-	-	-	-	-	3,795,106
Total OPEB liability - ending	<u>\$ 4,465,023</u>	<u>\$ 5,446,578</u>	<u>\$ 5,362,071</u>	<u>\$ 3,165,644</u>	<u>\$ 3,202,394</u>	<u>\$ 3,917,109</u>
Plan fiduciary net position						
Contributions - employer	\$ 243,658	\$ 250,957	\$ 194,529	\$ 231,643	\$ 244,615	\$ 347,935
Benefit payments	(243,658)	(250,957)	(194,529)	(231,643)	(244,615)	(347,935)
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's net OPEB liability	<u>\$ 4,465,023</u>	<u>\$ 5,446,578</u>	<u>\$ 5,362,071</u>	<u>\$ 3,165,644</u>	<u>\$ 3,202,394</u>	<u>\$ 3,917,109</u>
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	<u>\$ 9,383,518</u>	<u>\$ 9,617,914</u>	<u>\$ 9,617,914</u>	<u>\$ 9,426,682</u>	<u>\$ 9,426,682</u>	<u>\$ 8,897,475</u>
District's net OPEB liability as a percentage of covered-employee payroll	47.58%	56.63%	55.75%	33.58%	33.97%	44.02%

Notes to Schedule:

Benefit Changes: None

Changes in assumptions: Discount rate from 2.28% as of 7/1/2021 to 4.06% as of 7/1/2022

TROY AREA SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S NET
OPEB LIABILITY AND RELATED RATIOS – PSERS PLAN
FOR THE YEARS ENDED JUNE 30, 2018 AND JUNE 30, 2023

PSERS Plan - Health Insurance Premium Assistance Program

As of the measurement date of June 30,	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Service cost	\$ 34,000	\$ 32,000	\$ 27,000	\$ 31,000	\$ 26,000	\$ 29,000
Interest	38,000	43,000	44,000	43,000	46,000	42,000
Differences between expected and actual experience	(11,000)	2,000	6,000	(1,000)	9,000	1,000
Differences between projected and actual investment earnings	1,000	-	-	1,000	1,000	-
Administrative Expenses	1,000	-	-	-	(5,000)	(2,000)
Changes in assumptions	(351,000)	145,000	23,000	36,000	34,000	(75,000)
Changes in proportions	(2,000)	2,000	5,000	42,000	20,000	(112,000)
Benefit payments	(82,000)	(82,000)	(83,000)	(81,000)	(77,000)	(75,000)
Net change in total OPEB liability	(372,000)	142,000	22,000	71,000	54,000	(192,000)
Total OPEB liability - beginning	1,672,000	1,530,000	1,508,000	1,437,000	1,383,000	-
Prior period adjustment	-	-	-	-	-	1,575,000
Total OPEB liability - ending	\$ 1,300,000	\$ 1,672,000	\$ 1,530,000	\$ 1,508,000	\$ 1,437,000	\$ 1,383,000
Plan fiduciary net position						
Contributions - employer	\$ 82,000	\$ 82,000	\$ 83,000	\$ 81,000	\$ 77,000	\$ 75,000
Net investment income	-	-	-	-	-	-
Benefit payments	(82,000)	(82,000)	(83,000)	(81,000)	(77,000)	(75,000)
Net change in plan fiduciary net position	-	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-	-
Plan fiduciary net position - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's net OPEB liability	\$ 1,300,000	\$ 1,672,000	\$ 1,530,000	\$ 1,508,000	\$ 1,437,000	\$ 1,383,000
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 10,335,840	\$ 10,001,274	\$ 9,906,283	\$ 9,784,377	\$ 9,273,919	\$ 9,037,479
District's net OPEB liability as a percentage of covered-employee payroll	12.58%	16.72%	15.44%	15.41%	15.50%	15.30%

Notes to Schedule:

Benefit Changes: None

Changes in assumptions: Discount rate from 2.18% as of 6/30/21 to 4.09% as of 6/30/22

TROY AREA SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS – OPEB – DISTRICT PLAN
FOR THE YEARS ENDED JUNE 30, 2018 AND JUNE 30, 2023

District Plan - Other Post Employment Benefits

For the year ended June 30,	2023	2022	2021	2020	2019	2018
Actuarially determined contributions	\$ 243,658	\$ 250,957	\$ 194,529	\$ 231,643	\$ 244,615	\$ 347,935
Contributions in relation to the actuarially determined contribution	(243,658)	(250,957)	(194,529)	(231,643)	(244,615)	(347,935)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 9,383,518	\$ 9,617,914	\$ 9,617,914	\$ 9,426,682	\$ 9,426,682	\$ 8,897,475
Contributions as a percentage of District's covered-employee payroll	2.60%	2.61%	2.02%	2.46%	2.59%	3.91%

Notes to Schedule:

Valuation date: 07/01/2022

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Level % of Salary Method
Discount Rate	4.06% as of July 1, 2022 6.0% in 2023 and 5.5% in 2024 through 2025, with a gradual Medical Cost Trend Model decrease from 5.4% in 2026 to 3.9% in 2075 and later based on the Society of Actuaries Long-Run
Healthcare cost trend rates	
Salary increases	Based on 2.5% cost of living adjustment, 1% real wage growth, and for teachers and administrators a merit increase which varies by age from 2.75% to 0%
Mortality	Based on PSERS defined pension plan actuarial valuation.
Retiree Cost Sharing	Benefits for retirees vary based on employment contracts in effect at the date of retirement.
Participants	181 Active, 1 Vested Former Participant, and 16 Retirees

TROY AREA SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS – OPEB – PSERS PLAN
FOR THE YEARS ENDED JUNE 30, 2018 AND JUNE 30, 2023

PSERS Plan - Health Insurance Premium Assistance Program

For the year ended June 30,	2022	2021	2020	2019	2018	2017
Actuarially determined contributions	\$ 87,000	\$ 84,000	\$ 83,000	\$ 81,000	\$ 77,000	\$ 75,000
Contributions in relation to the actuarially determined contribution	(87,000)	(84,000)	(83,000)	(81,000)	(77,000)	(75,000)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 10,335,840	\$ 10,001,274	\$ 9,906,283	\$ 9,784,377	\$ 9,273,919	\$ 9,037,479
Contributions as a percentage of District's covered-employee payroll	0.84%	0.84%	0.84%	0.83%	0.83%	0.83%

Notes to Schedule:

Valuation date:	06/30/2020 and actuarially rolled forward to 06/30/2022
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry Age Normal Level % of Salary Method
Discount Rate	4.09% as of June 30, 2022
Healthcare cost trend rates	Premium Assistance reimbursement is capped at \$1,200 per year.
Salary increases	Effective average of 4.5%, comprised of inflation of 2.5% and 2.0% for real wage growth and for merit or seniority increases.
Mortality	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.

TROY AREA SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY OF THE PENNSYLVANIA
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (PSERS)
FOR THE YEARS ENDED JUNE 30, 2013 THROUGH JUNE 20, 2022

Measurement date ended June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability	0.0705%	0.0705%	0.0707%	0.0709%	0.0689%	0.0679%	0.0731%	0.0696%	0.0714%	0.0724%
District's proportionate share of the net pension liability	\$ 31,343,000	\$ 28,945,000	\$ 34,812,000	\$ 33,169,000	\$ 33,075,000	\$ 33,535,000	\$ 36,226,000	\$ 30,147,000	\$ 28,261,000	\$ 29,368,000
District's covered-employee payroll	\$ 10,335,840	\$ 10,001,274	\$ 9,906,283	\$ 9,784,377	\$ 9,273,919	\$ 9,037,479	\$ 9,464,248	\$ 8,953,522	\$ 9,116,839	\$ 9,287,223
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	303.2458%	289.4131%	351.4133%	338.9996%	356.6453%	371.0659%	382.7668%	336.7055%	309.9868%	316.2194%
Plan fiduciary net position as a percentage of the total pension liability	61.3%	63.7%	54.3%	55.7%	54.0%	51.8%	50.1%	54.4%	57.2%	54.5%

TROY AREA SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS TO THE PENNSYLVANIA
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (PSERS)
FOR THE YEARS ENDED JUNE 30, 2013 THROUGH JUNE 20, 2022

Measurement date ended June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 3,513,152	\$ 3,351,427	\$ 3,304,736	\$ 3,189,707	\$ 2,943,542	\$ 2,638,944	\$ 2,366,062	\$ 1,835,472	\$ 1,458,694	\$ 1,068,031
Contributions in relation to the contractually required contribution	(3,513,152)	(3,351,427)	(3,304,736)	(3,189,707)	(2,943,542)	(2,638,944)	(2,366,062)	(1,835,472)	(1,458,694)	(1,068,031)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 10,335,840	\$ 10,001,274	\$ 9,906,283	\$ 9,784,377	\$ 9,273,919	\$ 9,037,479	\$ 9,464,248	\$ 8,953,522	\$ 9,116,839	\$ 9,287,223
Contributions as a percentage of covered-employee payroll	34.0%	33.5%	33.4%	32.6%	31.7%	29.2%	25.0%	20.5%	16.0%	11.5%

TROY AREA SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Page 52

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the **Troy Area School District** and is presented on the modified accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Basis of Accounting

The basis of accounting varies by Federal program consistent with underlying regulations pertaining to each program. The amounts reported as Federal expenditures generally were obtained from the appropriate Federal financial reports for the applicable program and periods. The amounts reported in these Federal financial reports are prepared from records maintained for each program, which are periodically reconciled with the District's financial reporting system.

Note 2 - Non-monetary Federal Program

Troy Area School District is the recipient of a non-monetary federal award program. During the year ended June 30, 2023, the District reported in the Schedule of Federal Awards \$74,305 of donated commodities at fair market value received and disbursed.

Note 3 - Indirect Costs

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

Note 4 - Beginning Receivables

Adjustments were made to receivable balances as of July 1, 2022 for the Title I grant (013-22-0433), CRRSA (200-21-0433) and Title IV (252-20-0433) in the amounts of \$215, \$216 and \$1, respectively.

**TROY AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-through Grantor	Source Code	Federal CFDA #	Pass-through Grantor Number	Grant Period Beginning/Ending Date	Program or Award Amount	Grant Received	7/1/22 Accrued (Deferred)	Revenue	Expenditure	6/30/23 Accrued (Deferred)
United States Department of Education:										
Passed through the Pennsylvania Department of Education										
Title 1, Part A	1	84.010	013-23-0433	07/1/2022 - 9/30/2023	\$ 419,746	\$ -	\$ -	\$ 232,023	\$ 232,023	\$ 232,023
Title 1, Part A	1	84.010	013-22-0433	07/1/2021 - 9/30/2022	449,596	282,635	109,268	173,367	173,367	-
Title 1, Part A	1	84.010	013-21-0433	07/1/2020 - 9/30/2021	370,171	59,469	59,469	-	-	-
Title IIA	1	84.367	020-23-0433	07/1/2022 - 9/30/2023	48,663	-	-	48,663	48,663	48,663
Title IIA	1	84.367	020-22-0433	07/1/2021 - 9/30/2022	59,536	37,561	31,063	6,498	6,498	-
Title IIA	1	84.367	020-21-0433	07/1/2020 - 9/30/2021	55,639	-	(442)	-	-	-
Title IV	1	84.424	144-22-0433	07/1/2021 - 9/30/2022	27,497	2,500	(9,882)	27,396	27,396	15,014
Title IV	1	84.424	144-23-0433	07/1/2022 - 9/30/2023	34,939	-	-	6,366	6,366	6,366
COVID-19 - Special Education Covid-19 Impact Mitigation Grant *	1	84.027	252-20-0433	07/1/2020 - 9/30/2021	11,355	2,529	2,529	-	-	-
COVID-19 - CRRSA - Elementary and Secondary School Emergency Relief Fund I	1	84.425D	200-21-0433	3/13/2020 - 9/30/2023	1,351,005	1,225,330	1,008,357	162,381	162,381	(54,592)
COVID-19 - ARP - Elementary and Secondary School Emergency Relief Fund III	1	84.425U	223-21-0433	3/13/2020 - 9/30/2024	2,732,692	844,650	310,876	536,330	536,330	2,556
COVID-19 - ARP - ESSER 7% Learning Loss	1	84.425U	225-21-0433	3/13/2020 - 9/30/2024	151,708	35,858	(8,275)	31,158	31,158	(12,975)
COVID-19 - ARP - ESSER 7% Summer Program	1	84.425U	225-21-0433	3/13/2020 - 9/30/2024	30,342	7,172	(855)	29,542	29,542	21,515
COVID-19 - ARP - ESSER 7% After School Program	1	84.425U	225-21-0433	3/13/2020 - 9/30/2024	30,342	7,172	(1,655)	-	-	(8,827)
					<u>5,773,231</u>	<u>2,504,434</u>	<u>1,500,453</u>	<u>1,253,724</u>	<u>1,253,724</u>	<u>249,743</u>
Passed through the Intermediate Unit #17										
IDEA 611 *	2	84.027	062-22-0009	07/1/2021 - 09/30/2022	319,155	189,155	189,155	-	-	-
IDEA 611 *	2	84.027	062-23-0009	07/1/2022 - 09/30/2023	344,779	175,000	-	344,139	344,139	169,139
COVID-19 - ARP - IDEA 611 *	2	84.027X	062-22-0017	07/1/2022 - 09/30/2023	71,741	-	-	71,741	71,741	71,741
IDEA 619 *	2	84.173	131-22-0017	07/1/2021 - 09/30/2022	2,842	2,842	2,842	-	-	-
IDEA 619 *	2	84.173	131-23-0017	07/1/2022 - 09/30/2023	2,090	2,090	-	2,090	2,090	-
					<u>740,607</u>	<u>369,087</u>	<u>191,997</u>	<u>417,970</u>	<u>417,970</u>	<u>240,880</u>
Passed through the Intermediate Unit #13										
IDEA 611 Special Education - Grants to States Program*	6	84.027	062-23-0033	07/1/2022 - 09/30/2023	50,000	-	-	50,000	50,000	50,000
IDEA 611 Special Education - Grants to States Program*	6	84.027	062-22-0033	07/1/2021 - 09/30/2022	50,000	50,000	50,000	-	-	-
					<u>100,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
Total U.S. Department of Education					<u>6,613,838</u>	<u>2,923,521</u>	<u>1,742,450</u>	<u>1,721,694</u>	<u>1,721,694</u>	<u>540,623</u>
U.S. Department of Health and Human Services										
Passed through the Pennsylvania Department of Human Services										
Medical Access	5	93.778	044-00-7433	07/1/2022 - 09/30/2023	12,172	18,819	11,303	12,172	12,172	4,656
U.S. Department of Agriculture:										
Passed through the Pennsylvania Department of Education										
COVID-19 Supply Chain Assistance **	3	10.555	356	07/1/2022 - 06/30/2023	n/a	44,067	-	44,067	44,067	-
COVID-19 P-EBT Local Administration Funds	3	10.649	358	07/1/2022 - 06/30/2023	n/a	628	-	628	628	-
National School Lunch Program **	3	10.555	362	07/1/2022 - 06/30/2023	n/a	487,106	23,442	463,664	463,664	-
School Breakfast Program **	3	10.553	365	07/1/2022 - 06/30/2023	n/a	174,195	7,194	167,001	167,001	-
					<u>n/a</u>	<u>705,996</u>	<u>30,636</u>	<u>675,360</u>	<u>675,360</u>	<u>-</u>
Passed through the Pennsylvania Department of Agriculture										
National School Lunch Program - USDA Donated Food **	4	10.555	n/a	07/1/2022 - 06/30/2023	n/a	72,310	(31,328)	74,305	74,305	(29,333)
Total U.S. Department of Agriculture					<u>n/a</u>	<u>778,306</u>	<u>(692)</u>	<u>749,665</u>	<u>749,665</u>	<u>(29,333)</u>
Total Federal Assistance						<u>\$ 3,720,646</u>	<u>\$ 1,752,631</u>	<u>\$ 2,483,531</u>	<u>\$ 2,483,531</u>	<u>\$ 515,946</u>

Sources of Federal Funds are:

- (1) United States Department of Education passed through the Pennsylvania Department of Education
- (2) United States Department of Education passed through the Pennsylvania Department of Education, passed through to the BLaST Intermediate Unit #17
- (3) United States Department of Agriculture passed through the Pennsylvania Department of Education
- (4) United States Department of Agriculture value of donated food passed through the Pennsylvania Department of Agriculture
- (5) United States Department of Health and Human Services passed through the Pennsylvania Department of Human Services
- (6) United States Department of Education passed through the Pennsylvania Department of Education, passed through to the Intermediate Unit #13

* Constitutes a cluster of Federal programs named Special Education Cluster with total revenue and expenditures during the year ended June 30, 2023

\$ 467,970

** Constitutes a cluster of Federal programs named Child Nutrition Cluster with total revenue and expenditures during the year ended June 30, 2023

\$ 749,037



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

**To the President and
Members of the Board of Education
Troy Area School District
Troy, Pennsylvania**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities and each major fund of *Troy Area School District* as of and for the year ended June 30, 2023, and the related notes to the financial statements which collectively comprise *Troy Area School District's* basic financial statements and have issued our report thereon dated December 5, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
December 5, 2023**

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

**To the President and
Members of the Board of Education
Troy Area School District
Troy, Pennsylvania**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Program

We have audited *Troy Area School District's* compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. *Troy Area School District's* major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, *Troy Area School District* complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each major federal program 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

Auditor's Responsibilities for the Audit of Compliance (continued)

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

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

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

Report on Internal Control Over Compliance

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

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

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

Purpose of this Report

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

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
December 5, 2023**

**TROY AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's opinion(s) issued or whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u> yes	<u> </u> x	<u> </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> </u> x	<u> </u> none reported
Noncompliance material to financial statements noted?	<u> </u> yes	<u> </u> x	<u> </u> no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<u> </u> yes	<u> </u> x	<u> </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> </u> x	<u> </u> none reported

Type of auditor's opinion issued on compliance for major programs:

Unmodified

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

 yes x no

Federal Program Title	Federal CFDA Number	Amount
Total expenditures of Federal Awards		<u>\$ 2,483,531</u>

Identification of Major Programs Tested:

COVID-19 - CRRSA - Elementary and Secondary School Emergency Relief Fund II	84.425D	\$ 162,381
COVID-19 - ARP - Elementary and Secondary School Emergency Relief Fund III	84.425U	536,330
COVID-19 - ARP - ESSER 7% Learning Loss	84.425U	31,158
COVID-19 - ARP - ESSER 7% Summer Program	84.425U	<u>29,542</u>

Total major programs tested \$ 759,411

% of Federal programs tested 31%

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

Auditee qualified as low risk? x yes no

**TROY AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

II. FINANCIAL STATEMENT AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

Year ended June 30, 2023

No findings related to internal control over financial reporting are being reported upon during the fiscal year ended June 30, 2023.

B. COMPLIANCE AND OTHER MATTERS

Year ended June 30, 2023

No findings related to compliance and other matters are being reported upon during the fiscal year ended June 30, 2023.

III. MAJOR FEDERAL AWARD PROGRAMS AUDIT – FINDINGS AND QUESTIONED COSTS

A. COMPLIANCE

Year ended June 30, 2023

No findings related to compliance are being reported upon during the fiscal year ended June 30, 2023.

B. INTERNAL CONTROL OVER COMPLIANCE

Year ended June 30, 2023

No findings related to internal control over compliance are being reported upon during the fiscal year ended June 30, 2023.

I. FINANCIAL STATEMENT AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

Year ended June 30, 2022

There were no findings related to internal control over financial reporting during the year ended June 30, 2022.

B. COMPLIANCE AND OTHER MATTERS

Year ended June 30, 2022

There were no findings related to compliance and other matters during the year ended June 30, 2022.

II. MAJOR FEDERAL AWARD PROGRAMS AUDIT – FINDINGS AND QUESTIONED COSTS

A. COMPLIANCE

Year ended June 30, 2022

There were no findings related to compliance during the year ended June 30, 2022.

B. INTERNAL CONTROL OVER COMPLIANCE

Year ended June 30, 2022

There were no findings related to internal control over compliance during the year ended June 30, 2022.



**To the President and Members of
The Board of Education
Troy Area School District
Troy, Pennsylvania**

To the Board Members and Administration:

We have completed our audit of the District's financial statements for the fiscal year ended June 30, 2023 and have issued our reports thereon dated December 5, 2023. Our audit report expressed an unmodified opinion which states that the District's financial statements are in accordance with generally accepted accounting principles in the United States of America for governments and school districts located in the Commonwealth of Pennsylvania. In addition, we have issued a separate report on internal controls over financial reporting and compliance with laws and regulations as required by *Government Auditing Standards*.

In planning and performing our audit of the financial statements of the *Troy Area School District* for the year ended June 30, 2023, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure and its operation.

Attached to this letter is a summary of additional comments which we desire to bring to the Board and Administration's attention involving various matters. Although such matters were not of sufficient nature to be disclosed in the previously mentioned reports, we do feel the comments should be reviewed and acted upon primarily by the business staff. In addition, attached to this letter is a summary of revenue and expense comparisons and analysis of fund equity for the school years ended June 30, 2019 through June 30, 2023.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
December 5, 2023**

TROY AREA SCHOOL DISTRICT**REVENUE AND EXPENDITURES COMPARISON AND ANALYSIS OF FUND
EQUITY - GENERAL FUND (AMOUNTS IN \$1,000)****Page 62**

	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019
Revenue and other sources					
Tax revenue	\$ 9,330	\$ 9,017	\$ 8,870	\$ 8,669	\$ 8,697
Other local sources	871	698	528	500	507
State aid	16,975	16,101	15,674	15,470	15,169
Federal aid	1,322	1,873	1,166	484	459
Lease proceeds, bond refunding, and other	-	-	133	-	8,922
	<u>28,498</u>	<u>27,689</u>	<u>26,371</u>	<u>25,123</u>	<u>33,754</u>
Expenditures and other uses					
Instruction	15,784	16,284	15,402	14,640	14,276
Administration	1,487	1,414	1,389	1,685	1,435
Other support services	6,198	6,755	7,207	6,366	6,124
Noninstructional services	558	579	435	525	528
Facilities acquisition and construction	-	-	-	-	1
Debt service	2,622	2,728	2,546	2,338	2,393
Bond refunding and other	-	-	-	-	8,920
Transfers to other funds	436	45	36	26	77
	<u>27,085</u>	<u>27,805</u>	<u>27,015</u>	<u>25,580</u>	<u>33,754</u>
Excess (deficiency) of revenue over expenditures	1,413	(116)	(644)	(457)	-
Fund equity					
Beginning of year	6,164	6,280	6,924	7,381	7,381
End of year	<u>\$ 7,577</u>	<u>\$ 6,164</u>	<u>\$ 6,280</u>	<u>\$ 6,924</u>	<u>\$ 7,381</u>

Student Activities' Point of Sale Records

We recommend the District continue its efforts of ensuring each cash receipt received by the central treasurer should be accompanied by supporting documentation which reconciles cash received to participation times rates/fees. We recommend that point of sale records be filled out in detail or an appropriate summary be attached by the student treasurer and teacher advisor and be verified or reviewed by the central treasurer.

Future Governmental Accounting Standards – GASB 101 – Compensated Absences

Governmental Accounting Standards Board has issued Statement No. 101, Compensated Absences which will be effective for the fiscal year ending June 30, 2025. The standard provides guidance on how the District will account for and disclose obligations related to compensated absences, including vacation leave, sick leave, and other similar benefits. We recommend that the District begin to familiarize themselves with the new compensated absences standard, which may include continuing education, webinars and further training.

Pandemic Grant Funding

As the District winds down its Pandemic grant programs, it should develop plans to ensure that funds are fully expended and processes are in place to ensure that final reports are submitted timely. Because these grants were mostly one-time allocations, the District should also begin to determine the impact of not having funding will have on future operations.

